ANNUAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30

1955

CARNEGIE CORPORATION
OF NEW YORK

589 FIFTH AVENUE, NEW YORK

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1955–1956

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R. C. LEFFINGWELL RESIGNS CHAIRMANSHIP

AT the annual meeting of the board of trustees on November 15, 1955—six weeks after the close of the period covered by this report—Mr. Russell C. Leffingwell resigned the chairmanship of the board of trustees of Carnegie Corporation. He will continue as a member of the board.

Mr. Leffingwell has been a trustee of the Corporation since 1923 and chairman of the board since 1946. As member and as chairman, Mr. Leffingwell has been the friend and adviser of five presidents. Only they could tell the full story of his great service to the Corporation. His colleagues on the board and the officers who served under him are forever in his debt.

R. C. LEFFINGWELL

From the President's Office—

The Work of a Foundation

THERE is a widespread interest in foundations and a good deal of curiosity about them. It is an understandable interest and a legitimate curiosity.

The major foundations, such as those associated with the names of Rockefeller, Ford and Carnegie, are meticulous in reporting to the public on the nature of the grants which they make, and as a result many citizens know in a vague sort of way what foundations do. Very few citizens have the faintest notion of how they go about doing it. What kinds of ideas pour into a foundation office? How does a foundation choose among these ideas? What kinds of people run the foundations? What is it like to give away money?

There are large foundations with full-time professional staffs and there are small foundations with no paid staffs. There are foundations which do not give money away but use their income to conduct educational, religious, or scientific work; they are called "operating foundations." The foundations which give money away are called "grant-making foundations." The foundations which have received the most public attention and have been the subject of the most widespread curiosity have been the large, professionally managed, grant-making

foundations. It is this group which we shall discuss here. Even within this group there is much diversity, and we cannot hope to do justice to the varied conditions and practices which exist.

The Condition of Man

The foundation that wishes to spend its income in an orderly fashion must first of all define the fields in which it proposes to operate. This enables its staff to undertake intensive study of the needs and opportunities within fairly limited areas and to develop standards of judgment for those areas.

The fields to which foundations devote themselves are not infinitely varied. This is not because foundation officers lack imagination or because of legal limitations upon them. It is rather because foundations are chiefly concerned with the troubles and aspirations of man, and these remain more or less the same throughout the ages. Accordingly, foundations are concerned with war and peace, with health and sickness, with the understanding and control of nature, with the spiritual and emotional problems of man, with his esthetic and intellectual aspirations, with his concern to understand himself and his society, with childhood and old age, with economic problems and with the problems arising out of the governing of men. This list could be extended, but it could not be extended greatly. The list is more or less invariant because the condition of man is more or less invariant.

To the Foundation's Door

A well-run foundation is easily approachable. The approach may be by mail, or in person, or occasionally by telephone. Most major foundations will see anyone who walks in the door. The visitor may have a beautifully prepared request, he may have just a vague idea, or he may be armed only with curiosity. Whatever his condition, he will receive an audience and will be listened to attentively.

Although the doors of a foundation are open to anyone, the run of visitors and correspondents soon takes on a limited character as the program of the foundation becomes known. Inevitably there are ap-

plicants who want money for purposes wholly outside the program of the foundation, but the bulk of visitors and correspondents know the ground rules. They have read the annual reports and other literature in which the foundation's officers have sought to clarify its program.

The Morning Mail

Proposals which come in by mail form a high proportion of the daily input and require a respectable fraction of the day of a foundation officer. The request may be a ten-line letter or a hundred-page memorandum. Clarity is infinitely more important than comprehensiveness. If the foundation officer understands what the applicant wants and finds it even tentatively interesting, he can always ask for supplementary information.

A foundation officer's mail is rarely dull. To be sure, it contains many weighty and technical documents, but it also contains an infinite variety of interesting, instructive, and even entertaining material.

Sometimes the correspondent simply wishes to bring to the attention of the foundation some items which he believes may be of interest. A lady wrote in to the Carnegie Corporation a few years ago offering at a fair price a "cookstove which is in good condition and bakes good." A gentleman wrote asking whether the Corporation would wish to buy a Stanley Steamer. Another man offered a wreath made of human hair. A correspondent from India said, "We have been informed that you are interested in the purchase, for import to the United States, of 100,000 monkeys yearly."

Some correspondents seek information. A letter from New Zealand, penned in a youthful hand, asks, "What would be the best fuel for a ship going to Mars?"

Other correspondents want help or advice. A young man from Quebec seeks advice concerning his impending marriage. A young mother starts out her letter, "Are you sufficiently interested in race conservation to make it financially possible for a healthy young American couple to have and properly care for a family of six children?"

Occasionally the correspondence has an other-world quality. A man from Michigan writes that he is in constant communication with "many spirits from beyond" and that among these is Andrew Carnegie. He goes on to say that he wishes help from the Corporation and indicates that this request is endorsed by Mr. Carnegie. The letter ends, "P.S. Mr. Carnegie sends his love to all of you." Another writes to say that he himself is Andrew Carnegie. "It seems I have been in the fires of purgation for aeons," he comments.

The great bulk of the mail, however, consists of sober and interesting letters from able men with ideas. The length or elaborateness of the request bears no relation to its merit. A proposal accompanied by a two-foot stack of supplementary documents and books may prove unworthy of support. And a proposal initially outlined on a single page may win a major grant.

The best foundations are sympathetically attentive to every visitor and every letter. This is not because foundation officers are blessed with unusual sweetness of temper. It is because success in foundation work depends on such attentiveness. They listen to their visitors and read their mail alertly because that—a good deal of the time—is where the ideas come from.

The Foundation Officer's Work

All of which brings us to the duties of a foundation officer. How does he spend his day? Perhaps it can best be summed up by saying that he has an interesting life but in many respects an arduous one.

The first and most compelling item on the agenda of any foundation officer is reading. He reads a good deal in the course of his working day. He reads after dinner in the evening. He reads on the commuter train, and he reads in taxis, in airports and planes. What does he read? He reads his correspondence. He reads lengthy memoranda outlining projects for which support is requested. He reads innumerable professional journals and books in the field in which he is working; and the reading is not casual. He must be alert to new ideas. He must be forming judgments as he reads. Out of this intensive, varied and al-

most continuous reading come some of his best judgments as a foundation officer.

The second duty of a foundation officer is to listen, and the circumstances under which he listens are almost as varied as the circumstances under which he reads. The best of his serious listening is likely to be done during office hours; and if he is a wise foundation officer, he keeps telephone calls and other interruptions at a minimum when he is listening.

Those who have something to say to a foundation officer do not limit themselves to an office visit. They approach him at luncheon, at dinner, at parties, on trains, and wherever they encounter and recognize him. Within the limits of human endurance, he is more than willing to listen under all circumstances, never knowing where the good ideas will turn up. As in the case of reading, the listening is not passive or halfhearted. He must form judgments as he listens. He must sort out what is being said. He must make some appraisal of the speaker and of the ideas being presented. Listening may strike the reader as a somewhat elementary skill, but it is far from that. One needs to cultivate patience, discipline and a deeply rooted interest in others to listen alertly and intelligently.

The third pressing duty of a foundation officer is traveling. Only a very small proportion of the able and imaginative individuals in any given field have the time or the inclination to visit a foundation office. If the foundation officer is to meet and talk with the best men in any field that interests him, he must take to the road. As a result, effective foundation officers travel a great deal. They don't wait for good men to come to them; they seek out the good men. They are conversant with most of the good work going on throughout the country in the fields which interest them, whether or not this work is supported by their own foundations. They are well acquainted with the best men in those fields and they have seen these men on their own ground.

Reading, listening, and traveling, then, are the major time-consuming duties of the foundation officer. He has many minor duties, of

course, but they consume only a fraction of his time. His work week is approximately that of an able faculty member in a leading university or a top business executive, which is to say that it is long and exacting.

Giver, Receiver and Gift

A foundation officer deals day in and day out with men of the highest talent and character. Furthermore, each man with whom he deals knows more about his own specific field than does the foundation officer. A sensible foundation officer soon learns that the reputation of the foundation is in the hands of the talented men and women who receive its grants. Without the creative gifts of these men, the program of the foundation would be sterile. Accordingly, the foundation officer should develop a keen and sincere appreciation of the productive and gifted men with whom he deals.

The process of passing money is in no sense a favor to the recipient. It is the business of the foundation officer to place the foundation's income in the hands of the best men he can find. In order to do so, he must appraise men and projects in the most dispassionate and detached manner. His recommendation to place a portion of the foundation's income in the hands of a particular individual involves no generosity, but an intelligent discharge of duties. And the recipient is not getting anything "free"; on the contrary, he is usually committing himself to a period of very hard work.

In short, the foundation officer does not expect gratitude. The relationship between the foundation officer and the men who seek or receive foundation funds is a highly disciplined and honorable relationship governed by courtesy and a sense of mutual respect.

When men come into a foundation office they are more than likely coming to talk about hopes and plans which are a major factor in their own careers. It is not the business of the foundation officer to tell them that their hopes and plans are unwarranted or even ridiculous, even though he may believe this to be true. It is his business to listen sympathetically to specific proposals and, if he must turn the applicants down, to do so with courtesy and consideration. Often he can

spare them future disappointments by advising or guiding them in one way or another, but he should never be patronizing.

The discipline governing the relationship between the foundation officer and his "client" comes more sternly into play if a grant is actually made. It is not the business of the officer of a grant-making foundation to govern the major decisions in a project once the money has been given. He cannot censor the book which has been written with foundation funds. He cannot choose the personnel to be employed in the project being supported. He cannot make policy decisions with respect to the directions the project is to take. It is his business to select men who are thoroughly trustworthy and capable of independent action, and to agree with these men on a sound plan under which the money is to be spent. From then on, as long as the fundamental conditions of the grant are not violated, the foundation officer should not interfere. He will of course make a judgment of the results, particularly if the grant is subject to renewal.

There are still other considerations in the relationship between the foundation officer and those who receive a foundation's funds. A foundation must be precisely clear concerning its intentions and must honor even implied commitments. If it does not intend to continue supporting a project indefinitely, this should be clearly understood.

A good many foundation decisions can be understood only in the light of the concern which foundations have for not entering into commitments which would be unwise for them or unwise for the organization involved. For example, no foundation is eager to become the sole, or even the major, support of an existing organization. Once it does so, then the foundation decision concerning whether or not to continue support is in effect a life-or-death decision over the organization itself. Most foundations do not wish to be burdened with such responsibility and do not think it right that they should be.

To take another example, foundations often refuse increased support to an organization because they know that at the end of the grant period the organization could not maintain itself at the higher level. This would mean cutbacks, the release of personnel, and other depri-

vations. No well-run foundation relishes such a situation, and the foundation's officers will go to some lengths to avoid it.

How Decisions Are Made

Perhaps the most interesting question to outsiders is "How are foundation decisions made?" How do foundation officers choose among the enormous number of proposals made to them? Is it a matter of personal preference or do they more or less draw straws? How can they possibly be as competent judges of a proposal as the expert who submitted it?

This process of decision-making is most perplexing and mysterious to individuals outside the foundation field. They cannot imagine how the decisions can be made wisely. Yet it is not an unusually complex procedure. As indicated earlier, the first step which a foundation must take down the road toward wise decisions is to limit its field to some degree. No foundation could staff itself adequately to make wise decisions in all fields of human endeavor. Therefore, a foundation selects a limited number of fields in which to function; but, of course, no foundation will wish to draw up rules so rigid that it cannot occasionally respond to an imaginative idea even though it may be out of program.

The next step is for the foundation officer concerned with a given field to familiarize himself with it (indeed he is often employed precisely because of his familiarity with it). In the process, he must come to know all or most of the ablest men in the field. He must learn to identify the men of ideas, the men who will give him honest criticism of what he does, the men with a reputation for solid performance, and the men with proved judgment concerning their colleagues.

Thus armed with a general knowledge of the field and a broad acquaintance among the ablest and most imaginative men, the foundation officer is equipped to handle proposals. He will often turn to the best men in the field for advice. He will always listen to their criticism of grants his foundation has made. He will never become the crony of a small clique within a field but will keep in touch with able men of

varying groups and viewpoints. The best and most believable testimony to his success or failure will be that of the enlightened professionals of the field in which he is operating.

In making decisions, the first consideration is the man or men who will carry out the project. Nothing can be done without good men. The most ancient and useful rule of the foundation field is to find the good men and back them. A good man can turn in an impressive performance even though the plan he submits is faulty; but the best plan in the world cannot insure success if the man involved is incompetent. The decision with respect to "how good" a man is must usually be fairly specific to the kind of thing which he wishes to do. A man who can write a magnificent book may be wholly unable to organize a research team. The man who is a splendid teacher may be wholly unable to administer large sums of money. Men are not always clear as to their own limitations but the good foundation officer—in common with other administrators—must always strive for such clarity. Indeed, experienced foundation officers have expressed the view that good ideas are "a dime a dozen" and that the real problem is to find a man with the drive and talent to take the "good idea" and make something out of it.

The second consideration has to do with the nature of the proposal itself. Is it a workable idea? Is the project well conceived and feasible? Has a careful job of planning been done or does it show signs of haste and slovenliness? Does the plan bear testimony to the fact that its proponents know what they are about, have a firm grasp of their field, and are capable of effective execution of the plan?

This may sound as though it involves exceptionally difficult decisions, but that is not the case. Foundation officers deal constantly with the plans of men. They have seen and studied thousands of plans—elaborate plans and skimpy plans, tightly knit plans and slovenly plans, lucid plans and obscure plans, sensible plans and wild-eyed plans. They have looked at a thousand budgets and have learned to tell at a glance if a budget has been padded unnecessarily. They do not confine their critical eye to a search for excessive items in the

budget. Sometimes people ask for too little, and a good foundation officer will call this to their attention.

These skills and these requirements are not unique to the foundation officer. Far from it. They are part of the needed operating equipment of every conscientious administrator, whether he be concerned with a government agency, a business, a college, or a foundation.

The next consideration is the quality and suitability of the institution, laboratory, or agency in which the project is to take place. Is the proponent in a situation in which he will receive adequate support from his superiors and cooperation from his colleagues?

There are other considerations of a varied nature, but the above will suffice to suggest the nature of the process. At all stages, as may be needed, the foundation officer will seek to supplement his own best judgment by consultation with his colleagues, with academic or other experts, and with trustees who may have special interests or competence in a given field. The decisions involved may seem intangible, but they are no more intangible than the decisions involved in most of the administration of human affairs. All administrative action involves an appraisal of people and a weighing of plans. Foundation decisions are not significantly different.

The Role of the Trustees

There has been a good deal of public discussion of the role of trustees in foundation activity. Some critics have suggested that the eminent trustees of foundations do not know what is actually done with the foundation's income but are simply figureheads who lend their names to the operation. Nothing could be farther from the truth. The trustees of the best foundations are men who have achieved distinction in some phase of our national life, and they have not achieved that distinction by being gullible or careless. They are men who are thoroughly accustomed to heavy responsibilities.

They are men who not only have succeeded in their own field of endeavor but have proved their willingness to serve the public good. In short, they are men whose ability and character are at-

tested both by their personal success and by their services to the community.

The task of the trustees is to provide policy guidance at the highest level. They must take a hand in forging the major objectives of the foundation's program. They select the man who—as president or directing head of the organization—must seek to achieve these objectives; and they formulate or approve the broad plans under which the foundation will function. As to trustees' qualifications, Nicholas Kelley has said:

> They ought to have shown judgment, to have a high sense of responsibility, to have a good eye to see to whom accountability may be due, and to understand how to take responsibility, and above all to know how to choose good executives.

They are not unfamiliar with the world in which foundations operate. A high proportion of the trustees of our major foundations have been on boards of trustees of colleges or universities. Most of them have had an interest in social welfare and cultural activities quite apart from foundation work. Many of them have held government posts in domestic or international affairs. This breadth of interest and experience is, of course, invaluable to a foundation. In reaching—as they do—into almost every phase of our cultural, educational and scientific life, they are quick to sense whether the foundation is functioning effectively; and they are able to bring to the work of the foundation their experience in various phases of American life.

One central task of the trustees is the selection of officers. These are the men who, day in and day out, will shape the program of the foundation. They carry out the broad objectives agreed upon by the trustees, and they pass upon, develop and present the specific proposals which come before the trustees for adoption, modification or rejection.

Some Foundation Achievements

Wealth is nothing new in the history of the world. The pattern of using private wealth imaginatively for the general public good as il-

lustrated by the systematic benefactions of Mr. Carnegie, the Fords, Guggenheims, Rockefellers, and many others *is* new. It is a striking innovation in human affairs.

The results of this innovation are well known to most informed Americans. Indeed they are so familiar as to have lost the element of drama. We are so comfortably accustomed to library service in almost every American town and city that we have forgotten the day when poor boys had no such easy access to the world of books. Andrew Carnegie's boldness of spirit in providing funds to build 2507 libraries and thus establishing the library as an indispensable civic institution is a matter of history. The total of Carnegie funds given for library enterprises runs to approximately $74,000,000. Andrew Carnegie thought of the public library as "the people's university" and he helped to make access to books a part of the birthright of every American youngster.

Similarly, Mr. Carnegie's pioneering work in establishing the pattern for teachers' pensions—a landmark in the whole history of retirement pensions—is something that only historians recall. The $93,000,000 of Carnegie funds devoted to teachers' pensions had a memorable effect, not only in firmly establishing the pension principle for teachers, but in discovering the lessons which had to be learned about large-scale retirement schemes. The almost universal recognition today of the necessity for providing retirement benefits owes a good deal to the pioneering work in Carnegie pensions.

In the 1920's and 1930's Carnegie Corporation pioneered in establishing music and the fine arts in the college curriculum. Today, when music and the fine arts are accepted components of any respectable liberal arts college, it is hard to recall how firm was the resistance to these "frivolous" subjects and what vigorous pioneering was involved in making them a vital part of liberal education. As a matter of fact, a large proportion of those who read this Report will have been educated in a college which possessed a Carnegie music or art set.

One of the classic examples of constructive action by foundations was the Rockefeller achievement in eradicating hookworm in the

South. In 1909 John D. Rockefeller created the Rockefeller Sanitary Commission, and the first item on its agenda was the prevention and cure of this disease. With Wickliffe Rose as director, the Commission was soon conducting an intensive campaign throughout the South with the active collaboration of local authorities. The campaign was eminently successful and remains one of the great models of vigorous and effective foundation action.

Even more widely known are the Rockefeller victories over yellow fever and malaria. These campaigns were an inspired fusion of scientific virtuosity, public health pioneering, and sheer administrative vigor.

A less dramatic, but in some ways more heroic, task was the achievement of the General Education Board (another Rockefeller benefaction) in raising the level of education in the South. Many able men, in collaboration with local authorities, devoted their lives to the long and difficult campaign, and shining successes crowned the protracted struggle. Now, in the light of the South's great industrial growth and new wealth, it is hard to recall how badly it needed help at the turn of the century and what faith and courage were needed by the men who set out to provide that help.

The Usefulness of Foundations

One need not continue a recitation of foundation achievements. They are familiar to all. But despite these and many other obvious successes, the merits of the foundation as an institution demand closer scrutiny. Could rich men have accomplished the same results by giving their funds directly to medical research centers, universities, and other such institutions? What is the point of setting up an instrumentality such as the modern foundation?

These are good questions to ask because the modern foundation as an organization is almost unique in the history of human society. In order to answer these questions, we must have a closer look at the nature of the modern foundation. There are two features which make the modern foundation a uniquely useful institution.

Perhaps the most important innovation by the creators of the modern foundation was their early decision to leave the conventional tasks of charity to those organizations which had originally borne them, and to forge for the foundation a new role with respect to human welfare. Briefly, they proposed to concern themselves with the fundamental problems of man rather than with palliative measures. They set themselves the task not of caring for the ill, but of discovering the prevention and cure of illness; not of feeding the hungry but of discovering improved methods of growing food; not of protecting the ignorant but of discovering ways to diminish ignorance. This philosophy is now so familiar that it is difficult to recall how imaginative and forward-looking it was at the time. The establishment of institutions charged wholly with a creative concern for the fundamental problems of human life was a momentous innovation.

The second, and equally significant, innovation was that these new organizations should be freed of routine tasks or duties so that they might devote their whole concern to the fundamental problems described above. An essential part of this thesis was the principle that the foundation should keep its funds free and uncommitted so that they might be used flexibly and imaginatively on the most critical problems of the day.

It is important to pause and reflect upon this last requirement. It is not in the nature of the conventional operating institution to maintain free funds. If any free funds appear, the departments or divisions of the institution which must compete for their share of the budget quickly seize them, and they are free funds no longer. Or to put it another way, the long-established, routine, necessary functions of the operating organization consume every last penny of the budget. What this means, in a nutshell, is that nothing is left for imaginative departures from the established program. Nothing is left for experiment or for new paths. A new idea must fight its way through the bureaucracy, competing with every vested interest.

There is nothing improper in all of this. It is the way healthy organizations behave. But Americans have always been hostile to a

bureaucratic rigidity which stifles new departures. And the traditional answer to rigidity has been the imaginative and ingenious creation of new institutions which correct or complement the shortcomings of the old. There is nothing more natural than that men should have sought to circumvent the limitations on innovation inherent in the conventional operating institution. They did so by creating a new source of support for innovation—a source specifically designed to further creativity.

Thus the major foundations have devoted themselves over the years to aiding creative minds concerned with the fundamental problems of human existence—health and illness, war and peace, the search for knowledge, religion, the nature of man and society, and so forth. And in doing so they have performed a function which the conventional operating institution, be it laboratory, college, or social agency, cannot possibly perform. Given the inherent limitations in the flexibility of operating institutions, the only workable long-term solution was to create an institutional device wholly for the purpose of dealing in free funds, an institutional device which would have no other function than to maintain such "risk capital" and dispense it creatively. It is to the everlasting credit of Mr. Carnegie, Mr. Rockefeller and their fellow philanthropists that they created precisely such institutional devices. It was a social invention of great moment.

For upwards of 50 years now the foundations have proved themselves the friends and supporters of creative minds. They have been assiduous in holding out a hand to men whose gifts and whose serious concern for human problems promised benefit to mankind. They will continue to do so. It is a sobering assignment, and all foundation executives pray for the wisdom to execute it properly.

PRESIDENT

THE PROGRAM IN ACTION

A PHOTOGRAPHIC SAMPLING

ALONG OUR SOUTHERN BORDER

These homeless Mexicans are trying to escape, with a few belongings, from the path of the 1954 Rio Grande flood. This disaster was studied by a group from Michigan State University as part of a larger study of the Mexican-U. S. border. The Rio Grande study, supported by Carnegie Corporation and the National Research Council, was concerned with the varying effects of the flood on Mexican and U. S. towns.

PICTURE OF THE MONTH

Some of the world's great paintings now travel circuits quite different from the conventional Paris-London-New York route. Museums, universities, and city art centers—from Columbus, Georgia, to Seattle, Washington; from Charleston, South Carolina, to Hamilton, Bermuda—can now subscribe to the American Federation of Art's *Picture of the Month* service, which was launched with the aid of a Corporation grant. Each month for a period of eight months the subscribing institution receives a masterpiece loaned by U. S. museums, galleries, and private collections. Pictured here are Lubbock, Texas, school children admiring Edgar Degas's *Portrait of a Man* during its month-long exhibition at the Texas Technological College.

"FROM GREENLAND'S ICY MOUNTAINS . . ."

The modern missionary must often minister to more than the human soul. To be effective he must know and understand as much as possible about the country to which he goes—the economic problems, the social system, the values and beliefs of the people. The Kennedy School of Missions, a part of the interdenominational Hartford Seminary Foundation, helps meet this need by offering special classes, as shown here, in world religions. The medical missionary pictured in Africa has been trained at the Kennedy School. The training for students who are planning to work abroad, whether they are doctors, ministers, YWCA secretaries, or business men, includes intensive language courses and area studies.

METHODIST PRINT

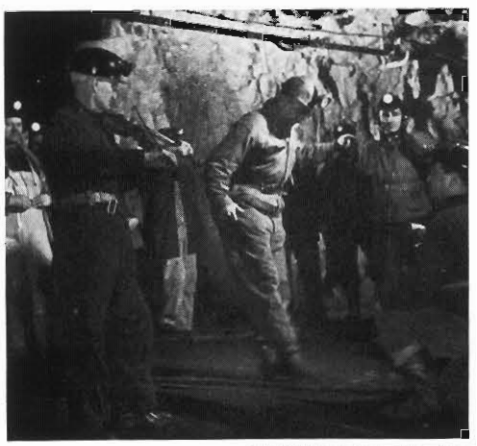
METHODIST PRINT

THE IMPACT OF CHANGE

The American anthropologist with these relatively prosperous Siamese rice farmers is talking to them about their desire for a future which holds some promise of giving them a better life. He is from a Cornell University field station located about 20 miles outside Bangkok, Thailand—one of four centers the University has maintained for studying the impact of technological change on nonindustrialized societies. Other centers for this study, which is being supported in part by Carnegie Corporation, are located in Peru, India, and the American Southwest.

"I HEAR AMERICA SINGING . . ."

To record for history the folk songs of the United States, the Music Division of the Library of Congress sends technical personnel into the field to record the authentic folk singer—the guitar-playing Missouri lady pictured here; the coal miners in the Newkirk Tunnel Mine, Pa.; the Mexican children in San Antonio. To date, the Library has issued 23 albums of these recordings. The Corporation assisted in the establishment of the Library's recording laboratory, and a recent grant has made it possible to release new albums of material.



SKIPPY ADELMAN, *Black Star*

SKIPPY ADELMAN, *Black Star*

GEORGE POTTS

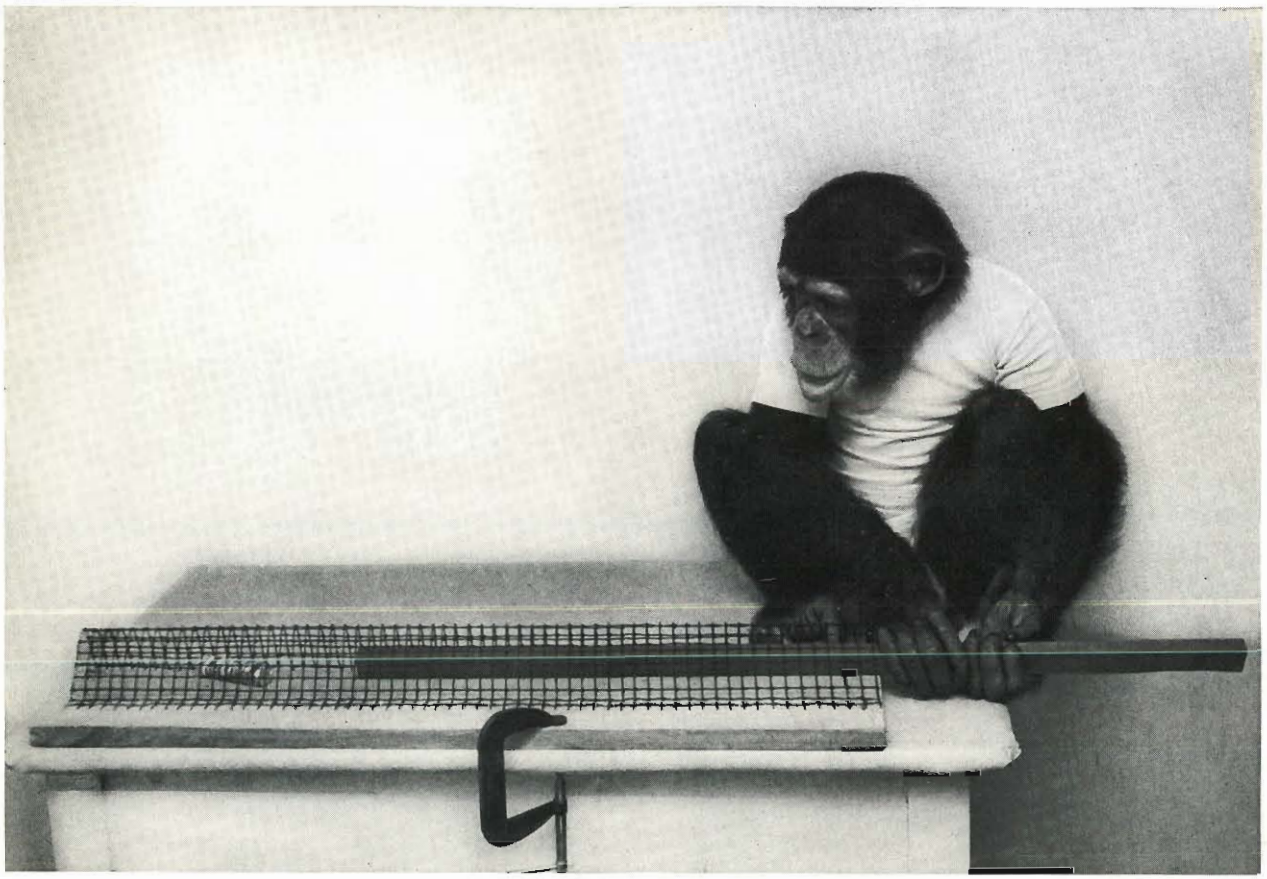
AMERICAN BUSINESS ABROAD

In 1947 Sears, Roebuck opened the doors of its first store in Mexico. The district where the store is located had been considered commercially poor, but Sears literally created a shopping center around itself, and in six years' time was operating seven stores in Mexico. This development has been the subject of a study by the National Planning Association as part of a series of studies on the role of American business abroad. The Corporation has assisted a number of the studies, including that on Sears.

AMERICANS STUDY AFRICA'S FOOD SUPPLY

An African farm girl sits amid piles of manioc roots on sale in the large native market at Gandajika, in the Southern Belgian Congo. Manioc bulks large in African diets, and is one of the staple foods studied by the Food Research Institute at Stanford University as part of its research on the economic development of Africa. The Food Research Institute was founded in 1921 with a Carnegie grant; the present research on Africa is also supported by the Corporation.

WILLIAM O. JON



THE REWARDS OF EFFORT

Viki, the intense chimpanzee pictured here, knows she will get to keep the candy she is carefully propelling through the wire tunnel. Until her recent death, Viki was a popular member of the colony of apes maintained at the Yerkes Laboratories of Primate Biology in Orange Park, Florida. The ape is a uniquely useful animal for studies in behavioral research, and the Yerkes Laboratories provides an important resource for such studies. Carnegie Corporation has contributed to the support of the Laboratories since 1942.

The Year in Review

ALTHOUGH the Corporation's charter allows considerable variety in the purposes for which its income may be spent, it is the policy of the trustees to concentrate its grants in a few major areas at a time. A few grants are made each year which appear to have little relation to the current program. These usually represent a continuation of previous interests or exploration in a new field.

The Corporation's basic goal of strengthening American education is the concept which has given unity to its program, not only in any one year but throughout the 44 years of its existence. With this aim in mind, the officers and trustees strive to be aware of the range of educational problems which exist, and to be sufficiently flexible to make changes in the Corporation's program as the urgency of specific problems becomes apparent.

Some of the areas in which the Corporation was active during the past year, such as the improvement of liberal arts teaching, are continuing concerns. Others, such as the teaching of science and mathematics, are relatively new and were selected in response to new problems and opportunities.

The great majority of Corporation grants are made to institutions and organizations in the United States, but the income from $12,000,000 of its capital fund is expended for educational purposes in certain British Commonwealth areas.

The following pages indicate the current areas of interest and describe a number of grants within each category. A list of all grants and payments made during the fiscal year appears in The Detailed Record, beginning on page 57.

CURRENT ISSUES IN HIGHER EDUCATION

During 1955 the American people became increasingly aware of the fact that the nation's supply of scientists and engineers shows signs of dwindling. Just when the requirements of national defense and the insatiable needs of modern technology are placing the greatest demands upon us for a steady flow of scientists and engineers, we find the supply endangered. The percentage of secondary school students studying mathematics and science has decreased sharply, and the number of secondary school teachers in these fields is diminishing dangerously.

In the light of these facts, the American Association for the Advancement of Science formulated an emergency program for improving the teaching of science and mathematics in secondary schools, and Carnegie Corporation voted $300,000 in support of the undertaking.

The American Association for the Advancement of Science has approximately 50,000 members scattered throughout the United States. They hold positions of influence on university faculties, in industry, and in government; some of them serve on boards of education; some are high school teachers. The Association has affiliated or associated with it 258 other scientific organizations. In short, it is in the unique position to take action on this critical national problem.

The teaching of mathematics presents certain very special problems. If a youngster receives inadequate training in mathematics in elementary and secondary school, or if he falls by the wayside for some reason, his chances of picking up the pieces and going on to a scientific or engineering career in college are minimal.

Finally, there is a good deal of evidence to suggest that many children who are perfectly capable intellectually of succeeding in mathematics are frightened away from it in the early years. To what degree

such wastage can be minimized through good teaching is a subject well worth study. It will receive preliminary study by the Educational Testing Service, which was granted $10,000 for this purpose.

Some of our most accurate information concerning the state of teaching science and engineering in the U.S.S.R. has come from a series of studies conducted by the Massachusetts Institute of Technology. In the course of the year, the Corporation made a grant of $20,000 to M.I.T. to permit the continuation of these important investigations.

The Liberal Arts

Toward the end of World War II, a considerable number of leaders in American higher education began to advocate something that they called "general education." General education amounted to a series of liberal arts courses required of all undergraduates, and these courses were concerned with matters believed to be of central importance to the education of every student. Partly a reaction to the pressures of technological and vocational education, and partly a reaction to the excesses of the elective system, "general education" became the rallying cry of those who would reshape undergraduate instruction to meet the needs of the time. At its best it signified a revival of all that was enduring in the liberal arts tradition; at its worst it was a catchword for faddists.

The concern for a more effective approach to liberal education has been nearly universal among colleges and universities. The decline of the liberal arts in recent decades has been due as much to the sterility of teaching in these fields as to the rising tide of technological education. If the traditional liberal arts fields are to recapture their proper role in undergraduate education, it will not be by scolding the technologists but by making the liberal arts an indispensable and enviable experience.

For these reasons, Carnegie Corporation has willingly responded to those colleges throughout the country that have seen ways in which the liberal arts might be made a more vivid and meaningful educa-

tional experience. During the current year grants for this purpose were made to Colgate, Hobart and William Smith, Mount Holyoke, Notre Dame, Oberlin, Occidental, Stanford, and Temple.

One of the most successful of the postwar efforts to revitalize liberal arts teaching has been the program of internships which the Corporation has supported at the University of Chicago and at Columbia, Harvard, and Yale Universities. Each of these institutions has been a center of vigorous experimentation and innovation in undergraduate teaching of the liberal arts. Several years ago the Corporation provided these universities with funds to enable young professors from other institutions throughout the country to come to their campuses and become familiar with their programs. This year the Corporation provided funds to extend the program for another two years and to add Brown University to the list of host institutions.

In addition, the Corporation made a $50,000 grant to Columbia University for a review, to be conducted by Dean Lawrence Chamberlain, of the internship program and of the whole liberal, or general, education movement since the war.

The American Tradition

The Corporation's interest in the field known as American studies is not unrelated to its interest in liberal education. In 1936 James B. Conant said:

> American cultural history may provide the principle needed to unify the liberal arts tradition and to mold it to suit the modern age. A true appreciation of this country's past might be the common denominator of any educated man's equipment so that men could face the future united and unafraid.

The development of American studies in recent decades has demonstrated the soundness of Mr. Conant's perception. Although these programs have gone far beyond the field of history, the essence of his idea is still relevant. American studies as an undergraduate major can give the student a comprehension of the American past and an analytical grasp of the trends of the moment which can strengthen him as a citizen and enable him to follow with genuine intellectual

pleasure and profit the changes which occur during his lifetime. Thus his college education is always meaningful, never put behind him, always in process of extension and enrichment.

The objective is clear, but it takes a lot of doing. We still have to learn how we can most effectively teach the student about his own society. Our inadequacy stems partly from the richness and diversity of American life. Where does one start? Another source of difficulty is our imperfect comprehension of some of the major current trends in American society. How can we pass on to the student what is unclear in our own minds? To help solve these problems, the Corporation made a grant to the Massachusetts Institute of Technology for a systematic review of research and teaching materials on American society. In addition, grants in support of American studies programs have been made to the University of Pennsylvania, Mills College, and Amherst College.

In connection with American studies, it is appropriate to mention a modest grant of $7,000 to Johns Hopkins University for completion of Volume VI of Douglas Southall Freeman's *George Washington*. This volume, which was unfinished at the time of Mr. Freeman's death, was completed by his associates and published in 1955.

Under the leadership of Allan Nevins, a research group at Columbia University has introduced a major innovation in recording history. By the use of tape recorders in carefully planned interviews, the personal reflections and recollections of prominent Americans are being collected for the use of historians. The interviews are later transcribed and are released only on the date specified by the author. Convinced that this is a significant development in historical scholarship, the Corporation made a grant of $15,000 a year for five years to support and broaden the oral history project.

Administrators of Higher Education

The Corporation has had a continuing interest in problems of academic administration. In the years ahead our institutions will need the wisest leadership and the most intelligent management. Time

spent on these matters, though perhaps less exciting than time spent on the content of higher education, is well worth a foundation's interest.

This year the Corporation undertook what appeared at the time to be a rather speculative venture, but one that proved to be eminently successful—an institute for college and university administrators held at the Harvard Business School.

As a rule, the men who come to college presidencies have had little or no experience with the difficult administrative problems they face, and there is nowhere they can go to improve their understanding of the job. In exploring possible ways of remedying this situation, the Corporation was impressed with the short training programs for business executives provided by the Harvard Business School, and the adaptation of these same techniques to a special institute for deans of students. Following discussions with officers of the Corporation, the Business School staff developed similar plans for an institute for college presidents. This institute was sponsored by the Association of American Colleges with the aid of a $60,000 Corporation grant. The newly created Institute for College and University Administrators organized and administered the program.

Some 40 college presidents, relatively new to their jobs, were invited with their wives for a period of a week to participate in an intensive program of training, partly by the case method and partly by instruction by seasoned administrators.

The success of the earlier institute for deans of students encouraged the Harvard Business School to plan five regional institutes for deans in 1955-56. The Corporation voted a grant of $40,000 in support of the program, which will be sponsored by the National Association of Student Personnel Administrators.

One other grant in the field of educational administration was $60,000 to the University of Omaha for summer workshops in college business management. The funds will be used during a five-year period to bring college business officers to the training sessions.

MORE AND BETTER STUDENTS

In *America's Resources of Specialized Talent*, Dael Wolfle offers some startling statistics on college attendance. Few who read the book have forgotten the memorable item of information concerning the per cent of bright youngsters who go on to college. Thirty-eight out of 100 persons who have intelligence quotients in the top 2 per cent of the nation never go on to college. No American can feel comfortable in the face of the fact that one out of three of our most brilliant youngsters is missing the opportunity afforded by higher education to make the most of his talents.

It was once thought that the only significant reason why bright young people failed to go to college was lack of money. While recent studies demonstrate that this is not always the case, money still remains *one* of the factors which keeps many highly gifted youngsters from attending college. As long as this is true, there will be a place for scholarship programs which seek out these gifted individuals and give them their opportunity.

To meet this need, the Ford Foundation has established the National Merit Scholarship Corporation, which has the support of several foundations including Carnegie Corporation.

The organization will conduct a nation-wide testing program to select the most able high school seniors. Winners of Merit awards may attend the colleges of their choice. In the case of private colleges, each institution chosen will receive a supplemental grant for each student. Since no college charges tuition equal to the total cost of the student's education, the supplemental grant is designed to reimburse the college for the actual expense of educating the student.

The basis for making the awards will be the ability of the recipient to benefit from a college education. Those youngsters who have the

financial means to attend college will receive only a token award; those who have no funds at all will receive full tuition and living costs.

An important feature of the plan is that business corporations will be invited to contribute to the National Merit Scholarships with the understanding that any funds they contribute will be matched by the Ford Foundation from an $8,000,000 fund set aside by Ford for this purpose. Scholarships awarded on the basis of contributions from corporations will, if the donor so wishes, carry the name of the corporation. By making use of National Merit Scholarships, the business corporation will have the advantage of a professionally conducted national annual talent search. The Ford Foundation will contribute an additional $1,000,000 a year over 10 years for scholarships and an additional $2,000,000 toward administrative expense. Carnegie Corporation's contribution of $500,000 is toward administrative costs during the first five years.

Although it is clear that there is still a lively need for college scholarships, the situation is changing rapidly, thanks to corporate interest and to programs such as National Merit Scholarships. A number of separate and individual studies of existing scholarship programs have been going on, but there has been no attempt to draw this material together. Accordingly, Carnegie Corporation has made a grant of $14,500 to the American Council on Education for a definitive study which will be available to any group interested in the scholarship problem.

There is every reason why we should know much more about our student population. The Educational Testing Service has undertaken to develop plans for an annual student census, and the Corporation has appropriated $50,000 for this initial study. It is not expected that any statistical service will be developed which will conflict with existing services. The sole purpose of the study is to develop a system for gathering data that may be useful to American higher education.

There can be no more impressive demonstration of the hazards inherent in statistical prediction than the successive attempts over the past few years to predict future college enrollments. Authorities have

disagreed with one another. No one can boast a record of accurate predictions.

Part of the difficulty lies in the very nature of the problem. Forces are now at work which could not have been taken into account. But another difficulty is that our basic statistics on higher education are anything but adequate.

It is immensely important that we have accurate data on the flow of students into our colleges. It is not merely a matter of knowing the total number to arrive next year or five years from now, although this is important. We should know something about the levels of ability of the students flowing into the system. We should know to which kinds of institutions they are going.

It is equally important to realize that we allow the students themselves, taken collectively, to effect profound changes in our educational system. In a sense, the students are among the most potent decision-makers. They are free to choose which university they wish to attend. They are free to choose which school within the university they wish to attend. They are free, to a considerable degree, to choose their courses. If they fail to register in certain subjects—such as the classics—those subjects decline. If they choose to go in large numbers to certain schools—such as the schools of business administration—those schools achieve a prominent place in our educational system. To a degree, the students shape the system in ways which cannot be controlled by presidents, boards of trustees, faculties, or alumni.

Problems of Secondary Schools

For many years now American colleges and universities have gone their own way, paying little or no attention to precollege education. It was more or less universally accepted that the two levels of education were distinctly separate and had nothing to learn from each other. In recent years, however, the men who have thought most deeply about the future of higher education have come to recognize that it is not possible to build a distinguished system of higher education on a poor secondary system.

Fortunately, able and eminent Americans are now at work to raise the level of our precollege education. Perhaps the most vigorous and effective of these has been Roy Larsen, president of Time Incorporated. In May, 1949, Mr. Larsen launched the National Citizens Commission for the Public Schools, an organization composed of outstanding men and women from all parts of the country, dedicated to improving our public schools. The story of the Commission's successful battle for the public schools is heartening.

Early in 1956 the Commission will wind up its affairs and turn over responsibility to its successor agency, the National Citizens Council for the Public Schools. The Council will find its major function in working with the many strong and well-organized local committees which the Commission has encouraged. This year Carnegie Corporation, which has supported the Commission since its inception, voted $500,000 to support the work of the successor organization for two and one-half years.

The Corporation made one other grant at the precollege level. In response to a request from the National Council of Independent Schools, the Corporation voted a modest sum to that organization for a study of the role of the independent school in teacher training.

THE NATION AND THE WORLD

Everyone agrees that sound state and local government is a bedrock necessity of a sound democratic system. Such soundness has not always been a striking characteristic of state and local government. During the current year the Corporation made a grant of $75,000 to Columbia University for an American Assembly conference to explore this subject. The American Assembly brings together eminent Americans for discussion of matters of high national policy.

One logical place for studying problems of state and local government is the college or university. Yet the state university, located 3,000 miles from Washington and one block from the state capitol, is more than likely to devote elaborate attention to studies of the federal government and little attention to the government which is at its door. The study of government might be freed from much of its bookish quality if students had their attention drawn to the governing process as it takes place under their eyes.

An unfortunate consequence of this neglect is that we know all too little about the ills of state and local government. Until students of government turn their attention to these matters, we shall continue to be ignorant. During the current year the Social Science Research Council proposed an extensive series of studies in the field of state politics. The Corporation voted $150,000 for support of these studies.

International Studies at Home

The largest grant of the year in the field of international affairs was one of $750,000 to Harvard University. Of this amount, $350,000 is for continued support of the Russian Research Center, and the remaining $400,000 is for support of international studies exclusive of the Soviet area.

The Russian Research Center has proved itself a major national resource. The steady stream of books and articles on the Soviet Union issuing from the Center has found its way onto the shelves of every serious student of Russia. And this productivity came precisely when the nation needed it most.

The portion of the new grant not committed to the Russian Research Center will be spent chiefly for research on other strategic areas of the world. It is in the national interest to have an ample fund of verified knowledge concerning such regions, and we do not have it today.

It is of pressing importance that the American people achieve a better understanding of Asia. This fact is now widely recognized, and many forces are at work to accomplish the desired result. Our schools and colleges are giving increased attention to Asia. Newspapers and magazines seek to interpret Asia to their readers. Popular books and lectures, radio, television, and films have all dealt in one way or another with this important part of the world. But the effectiveness of all these channels of communication depends upon the availability of good basic information concerning Asia.

There is a serious lack of English translations of the great chronicles, treatises, biographies, and documents of Asia. In our studies of Western civilizations, we take for granted the availability of such documents, and without them our teaching of the Western tradition would be greatly impoverished. Lacking such materials on Asia, the individual seeking to interpret Asia to the student or to a general audience is immensely handicapped.

The Columbia University Press has a long-term project that will seek to correct this situation. Over a period of years, the Press will undertake to publish translations of the great documents of the Far East as an extension of its *Records of Civilization*, of which 50 volumes have already been published. These volumes have dealt almost wholly with the Western world, and American scholarship is very much indebted to the Press for the important resources it has made available. Its intention to extend the series to cover Asia was an important and

welcome decision, and Carnegie Corporation appropriated $100,000 to support the program.

Although Carnegie Corporation has maintained an active program of grants in the British Commonwealth for years, it has done relatively little to support studies of the Commonwealth in the universities of this country. The Corporation has supported studies of almost every other major world area and has always hoped sooner or later to do the same for the Commonwealth. During the current year the long-awaited opportunity materialized.

A group of nationally known scholars at Duke University asked the Corporation for funds to establish a center for Commonwealth studies. These scholars had for a number of years pursued an interest in one or another aspect of Commonwealth affairs, and they proposed to formalize and coordinate these efforts. The Commonwealth is a phenomenon among the nations, and American scholars have given it all too little attention. The Corporation's grant of $350,000 to Duke will go toward repairing this negligence.

A somewhat similar opportunity arose at the University of Wisconsin. As a result of the distinguished work of Paul Knaplund over a period of many years, the University of Wisconsin has had a particular interest in British Commonwealth history. With the retirement of Professor Knaplund, the University wished to perpetuate that interest by bringing a series of visiting professors from the Commonwealth countries to teach at the University. The Corporation provided the University with $30,000 to conduct such a program over a period of five years.

Another substantial grant in the field of international affairs went to the Council on Foreign Relations. The sum of $500,000 was voted to that organization for research, fellowships, and assistance to its regional committees. The Council on Foreign Relations, unique among American organizations concerned with international affairs, has served for 33 years as an extraordinarily effective bridge between businessmen, scholars, and public officials. Through the Council's research programs and its study and discussion groups, business and industrial

The Council on Foreign Relations has affiliated committees in 27 cities throughout the country. These committees, each composed of approximately 50 leading citizens, hold meetings during the year on subjects of special interest to them.

leaders, government officials, and university professors have jointly investigated matters having to do with the role of the United States in world affairs.

International Studies in the Field

Governmental programs of technical aid have depended heavily upon the academic world for economists, engineers, agronomists, and other specialists. It is not surprising, then, that the processes of economic development and technical assistance in the so-called underdeveloped areas of the world have become the subject of research by a growing number of American universities. One of the early grants which the Corporation made for research of this sort was to Michigan State University. A modest grant in 1949 enabled Charles Loomis and his associates at Michigan State to develop a highly successful training program for individuals concerned with research and action in the field of technical assistance. The program was set up at the Inter-American Institute of Agricultural Sciences at Turrialba, Costa Rica. One of the central objectives was to study the problem raised by the severe resistance that such assistance programs frequently encounter from the population they are intended to benefit.

A grant of $150,000 from the Corporation will continue this program. The major portion of the grant, however, will be used to inaugurate a

new series of studies along the U. S.-Mexican border. This section provides an excellent laboratory because of dramatic differences in economic development in two areas which are virtually identical in physical terms.

Another major study of technological change supported by the Corporation has been the long-term research program conducted by a group of social scientists at Cornell University. Since 1947 the Corporation has supported their studies of the impact of technological change on non-industrialized societies and the type of training needed for personnel going into assistance programs. They have been working out of four field stations, each located in a different cultural situation and in a different country—Peru, Thailand, India, and New Mexico. During the current year the Corporation made a final grant of $40,000 to wind up the program.

One of the most interesting and least explored aspects of our foreign economic relations has been the functioning of American business abroad. American business can and does play a role in foreign economic development which must be taken into account in any consideration of our national role *vis-à-vis* nonindustrialized countries.

Three years ago the National Planning Association began a series of case studies of American business enterprises operating abroad. The companies whose operations were studied provided about two thirds of the total cost, with the remaining costs being met by the Corporation and two other foundations. The Association was interested in those business enterprises that had functioned constructively in relation to another nation's economy. What characterised the relationship that produced such good results? What policies on the part of the company contributed to the growth and development of the country involved? What can be learned from these constructive methods that might be applied more universally? The first studies of Sears, Roebuck in Mexico, Casa Grace in Peru, and the Philippine American Life Insurance Company have been completed and published. This year the Corporation made an additional grant of $50,000 for a study of Standard-Vacuum in Indonesia.

PATTERNS OF BEHAVIOR

Students of human behavior have long recognized the usefulness of the ape in behavioral research. But the ape is an expensive laboratory animal and in many respects inconvenient from the standpoint of maintenance. He does not breed rapidly, so it is not easy to obtain adequate genetic data, and the confinement of narrow cages provides a wholly unnatural environment for him.

With these problems in mind, Yale University some years ago established the Yerkes Laboratories of Primate Biology in Orange Park, Florida. The Laboratories, named after their founder, Robert Yerkes, have since become a unique resource in the United States. Here a colony of apes has been maintained successfully under weather conditions which make it possible to dispense with elaborate provisions for controlled temperature and humidity.

The Corporation has contributed to the support of the Laboratories since 1942. Karl Lashley of Harvard became director at that time, and maintained a significant record of research until his retirement in June, 1955. During the year the Corporation voted $50,000 to be used by the Laboratories over the next five years.

During the past 30 years great strides have been made in neurophysiology, with significant gains in the study of the physiological mechanisms involved in emotional expression, perception, motivation, and learning. In the past decade, investigators have been able to identify, in addition to the classical sensory systems, a second and nonspecific nerve system carrying impulses to the brain. The possibilities for predicting behavior through such findings are encouraging. The Corporation has made $55,000 available for experimentation in this field to the University of California at Los Angeles, one of the outstanding centers in the world for neurophysiological research.

For a number of years after the war the Corporation gave limited support to the University of Chicago for studies of aging. This culminated in a grant of $100,000, made in 1952, for a three-year community study of the physical, psychological, and social problems of men and women approaching retirement or already retired. Kansas City was selected as the location of the investigation, which was under the general supervision of Robert Havighurst. The investigators have had to blaze their own trail in this relatively uncharted field, and their original estimates of the time and money required proved inadequate. Accordingly, the Corporation made an additional grant of $30,000 for completion of the studies.

It is hardly necessary to underscore the significance of such studies. Figures on the increasing population of aged people in the United States are familiar to most Americans. Everyone knows older people who have suffered economically, socially, or emotionally from the consequences of aging. Such basic research as the Chicago group is carrying out may suggest steps which can be taken to improve the daily lives of our older citizens.

Studies of Speech

For many years students of language have been pointing out that the nature of the language which an individual speaks may condition, limit, or otherwise influence the nature of his thought processes. The idea, as it is usually expressed, is that language is "the mold of thought" and that an individual cannot possibly escape the limiting, molding, controlling qualities of the language in which he is accustomed to think.

Although these assertions have come to be widely accepted, there has been no experimental study that would test their validity. During the current year the Social Science Research Council proposed to undertake just such a study, and the Corporation provided funds to support it.

With this support John Carroll of Harvard University and Charles Osgood of the University of Illinois are directing an extensive program

of field research in the American Southwest. Among the Indian tribes of this area there is a variety of non-Indo-European languages, as well as Spanish and English. Through cross-linguistic studies, the linguists hope to gather significant new data on the fundamental processes of learning and using a language in all its functions in human society.

The Corporation continued for another year its support of the summer study grants in linguistics offered by the American Council of Learned Societies. These study aids enable experienced language teachers to devote time during the summer to a study of modern developments in the science of linguistics.

The Corporation also voted a terminal grant to Harvard for John Carroll's work on testing for language aptitudes. This grant will enable Mr. Carroll to conduct the final steps in the validation of these promising new tests.

PROGRAM IN THE BRITISH COMMONWEALTH

While the Corporation continues its interest in Australia, New Zealand, Canada and the Union of South Africa, support for the further development of higher education in the colonies has been a major activity of the Corporation during the year. Under the British Commonwealth program grants totaling $332,400, or approximately two fifths of the year's expenditure, were made for the benefit of the dependent territories.

While these grants were given for a variety of purposes, all were related to a central problem which is receiving increased attention in Britain and the colonies today: how to stimulate and sharpen the response of the new colonial universities to the expanding needs of the rapidly developing and highly diverse areas they serve. Or, to restate the problem in general terms, what are the special responsibilities of a university in a society where social, economic, and political changes that required generations for fulfillment elsewhere are being telescoped into a single generation?

The universities have identified one aspect of the problem as a need to increase with all possible speed the proportion of locally born recruits to their teaching and research staffs. Therefore, the Inter-University Council for Higher Education Overseas (an advisory body established in London by the United Kingdom universities to assist in building up and staffing the colonial universities) received a grant of $30,000 from the Corporation for advanced training in Britain and the United States of promising colonial students. An additional grant of $5,000 to the Inter-University Council made possible a meeting of the heads of colonial universities in Jamaica at which staffing matters were among the many items discussed.

A grant of $64,000 to the University College of the West Indies pro-

vided for a conference on the role the College might play in training for public and business administration, for West Indian historical and linguistic research, and for faculty travel in the Caribbean area. Makerere College in Uganda received $81,000 for somewhat similar purposes—public administration training, faculty travel in East Africa, and the development of extramural work in Kenya. To Makerere also, for the affiliated East African Institute of Social Research, went $25,000 in further support of its study of emerging patterns of African leadership.

In West Africa the Medical School of University College, Ibadan, Nigeria, was given $13,400 for nutritional studies bearing on the development of a West African medical course.

In Central Africa the most recently founded colonial institution, the University College of Rhodesia and Nyasaland, received $84,000 to establish an institute of education. This institute is expected to make a significant contribution to educational thought and practice at the secondary and primary levels and in teacher training throughout the newly established Federation of Rhodesia and Nyasaland.

Corporation grants of $10,000 each to technical colleges in Kenya, Nigeria, and the Gold Coast were made for library development, primarily for the purchase of American publications.

Despite the special attention given during the year to colonial areas, several substantial grants were made in the dominions. In South Africa, Rhodes University received $50,000 for historical, sociological, and economic studies of the Eastern Cape Province, the region in which it is situated.

In Canada, where the Corporation has for many years sought to assist potentially significant developments in the universities, four grants were voted. The largest, $130,000, will support over a period of five years an expanded program of research by the faculty of social sciences at Laval University. This relatively young faculty has earned respect throughout Canada for its studies of the effects of industrialization in the province of Quebec.

Other grants in Canada went to the Memorial University of New-

foundland for historical research and for faculty travel to the mainland for scholarly purposes; to Queen's University for biochemical research in the isolation of organic compounds from pre-Cambrian sediments; and to the University of British Columbia for the development of French-Canadian studies.

As in previous years, $150,000 was appropriated for travel grants (listed on pages 68–69.) Forty-two individuals from Australia, Canada, South Africa, New Zealand, and the colonies were awarded grants to visit North America and other areas, and three Americans were assisted with visits to Australia and New Zealand.

The Corporation has made a sum of $75,000 available to the Association of Universities of the British Commonwealth to enable delegates attending the Association's next quinquennial congress in Canada in 1958 to travel more widely both in Canada and the United States than would otherwise be possible.

Other items in the year under review are a grant of $11,000 to the Royal Institute of International Affairs for further support of Lord Hailey's rewriting of his monumental *African Survey*, and a grant of $4,000 to the Canadian Institute of International Affairs to make possible a conference in Canada on Canadian-British-American relations.

The year, like its recent predecessors, has seen many changes in the Commonwealth countries and in their interrelationships. Broadly speaking, the period has been characterized by a speeding up of the devolution of responsibility from London into the Commonwealth collectively and its member countries individually. While this has made for some uncertainties and, perhaps, greater risks, it has also provided challenging new opportunities for Corporation spending within the traditional framework of its Commonwealth program.

From the Corporation's Journal

Trustees and Staff

At the annual meeting of the board of trustees on November 16, 1954 the resignation of Charles Dollard, who had been president of the Corporation since May 20, 1948, was accepted with deep regret. Mr. Dollard had been a member of the staff since 1938. His stimulating mind and warmth of personality gained innumerable devoted friends for the Corporation. As president he performed distinguished services not only for Carnegie Corporation but for philanthropy generally. Mr. Dollard, who resigned for reasons of health, was asked to continue a relationship to the Corporation as a consultant.

On January 20, 1955 John W. Gardner was appointed president of the Corporation. Mr. Gardner joined the Corporation staff in 1946, was appointed vice president in 1949, and had served as acting president since November, 1954. He was also a member of the board of trustees, having been elected a term trustee in 1954.

Since the president is a trustee ex-officio, Mr. Gardner vacated his term trusteeship on assuming the presidency. The vacancy on the board was filled by the election, on May 19, 1955, of Caryl P. Haskins.

Mr. Haskins organized the Haskins Laboratories in 1935 as a nonprofit educational institution for basic scientific research and training. He received the B.A. degree from Yale University and the Ph.B. from Harvard. During World War II, Mr. Haskins undertook important assignments for the National Research Council, the National Defense Research Committee, and the Office of Scientific Research and Development. Since the war he has served as a consultant to the U. S. Departments of State and Defense, and has also been a consultant to Carnegie Corporation on scientific matters. He has traveled widely in most parts of the world, and has written a number of books and

scientific papers. In January, 1956 Mr. Haskins will succeed Vannevar Bush as president of the Carnegie Institution of Washington.

Margaret Carnegie Miller and Elihu Root, Jr., whose terms as trustees were scheduled to expire at the close of the 1954 annual meeting, were re-elected for five-year terms. R. C. Leffingwell, chairman of the board since 1946, was re-elected to this office.*

On May 19, 1955 Mr. Root was appointed general counsel.

During the current year the Corporation suffered the loss through retirement of one of its most distinguished and valuable officers, Robert M. Lester. Mr. Lester was assistant to the president from 1926 to 1934, and secretary of the Corporation from 1934 until November, 1954. He is the author of *Forty Years of Carnegie Giving*, *A Thirty-Year Catalog of Carnegie Grants*, and of many special reports and reviews of Corporation activities. These studies earned him unique standing as the historian of Carnegie philanthropic activities. In his 28 years of service with Carnegie Corporation Mr. Lester won an enduring place in the history of the organization and an even more enduring niche in the hearts of his fellow staff members. He was succeeded as secretary by Florence Anderson, who joined the staff in 1934 and was appointed associate secretary in 1951.

In March of this year, Helen Rowan replaced Marian F. Poverman as editorial assistant. Miss Rowan is a graduate of Mills College and has worked for the Department of State and the Institute of International Education.

Frederick Jackson joined the Corporation staff on September 1 as an executive assistant. Mr. Jackson received the B.A. degree from Brown University, and M.A. and Ph.D. degrees from the University of Pennsylvania. His field of scholarship is American history and contemporary civilization. Prior to his appointment he was a member of the history department at the University of Illinois.

Committees

At the beginning of the year, the executive committee was composed

* At the annual meeting on November 15, 1955, Mr. Leffingwell asked to be relieved of the chairmanship, and Morris Hadley was elected chairman.

of Elihu Root, Jr., chairman; Charles Dollard, Morris Hadley, Nicholas Kelley, R. C. Leffingwell, and Frederick Osborn. John W. Gardner replaced Mr. Dollard after the latter's resignation as president. At the meeting of the committee on April 21, 1955, Mr. Root asked to be relieved of the chairmanship, and Mr. Hadley was elected chairman to serve through the annual meeting of 1955.

The constitution of the Corporation was amended at the May meeting of the board to increase the size of the executive committee from five members to six, in addition to the president; and to provide for members to be elected annually instead of for five-year terms. Devereux C. Josephs was elected a member of the committee.

The finance committee, elected at the annual meeting, consisted of Arthur W. Page, chairman; Mr. Dollard, Mr. Josephs, Mr. Kelley, Mr. Leffingwell, and Mr. Root. Mr. Gardner later replaced Mr. Dollard.

Official Meetings

The board of trustees of Carnegie Corporation of New York held meetings on November 16, 1954, and January 20, March 17, and May 19, 1955.

The executive committee met on November 15 and December 16, 1954, and January 20, March 3, April 21, June 23, and September 20, 1955.

The finance committee held meetings on October 14, November 18 and December 16, 1954, and January 13, February 10, March 10, April 14, May 12, June 9, July 19, and September 8, 1955.

New Offices

An event of the year was the moving of the Corporation offices on November 1 to a new building on the southeast corner of Fifth Avenue and Forty-eighth Street in New York City. Since 1920 the Corporation had occupied the tenth floor of the Guaranty Trust Company building at 522 Fifth Avenue.

British Visitors

In order to maintain closer relations between the Carnegie organiza-

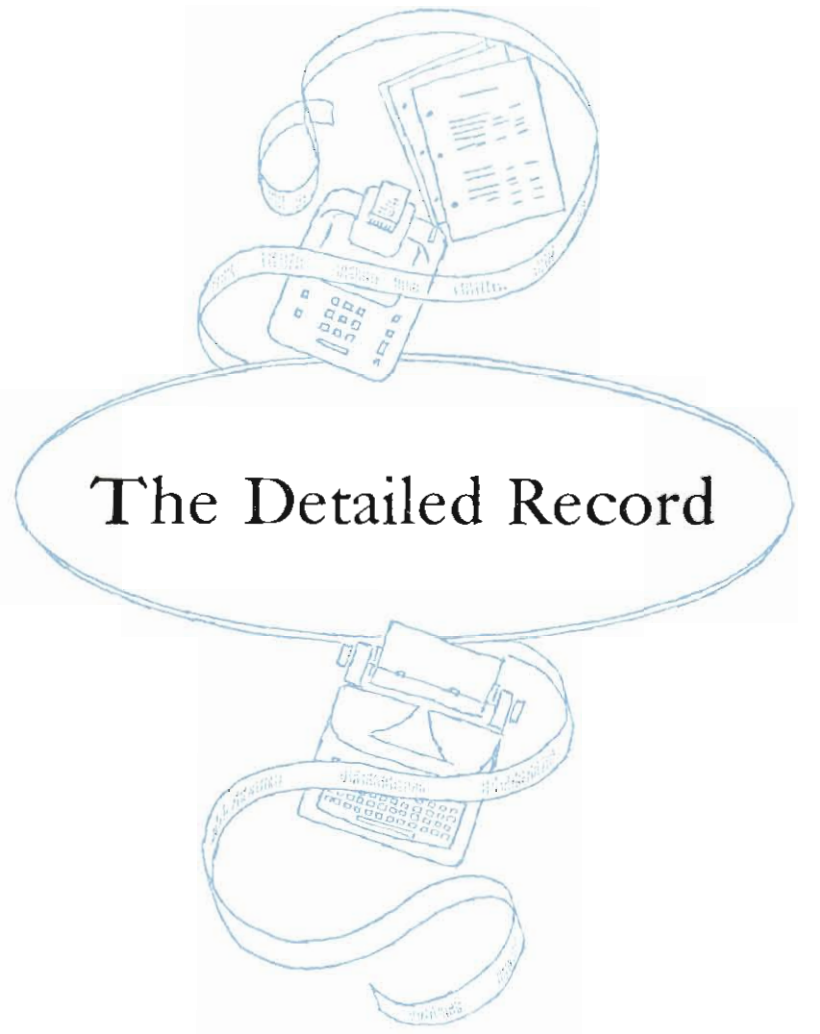
tions in this country and the Carnegie trusts in Great Britain, arrangements were made for certain officers of the British trusts to visit the United States. John R. Peddie, secretary and treasurer of the Carnegie Trust for the Universities of Scotland, and Mrs. Peddie, arrived in New York on April 4, and departed for Edinburgh on May 17. From September 21 to October 14 the following officers traveled in the United States and Canada. From the Carnegie United Kingdom Trust:

Mr. David Marshall, trustee and former chairman, and Mrs. Marshall
Mr. D. N. Lowe, secretary, and Mrs. Lowe

From the Dunfermline and Hero Fund Trusts:

Mr. William Dick, chairman
Mr. Ord A. Cunningham, vice-chairman, and Mrs. Cunningham
Mr. J. W. Ormiston, secretary-treasurer, and Mrs. Ormiston

Their schedule included visits to the Corporation and to the Carnegie Endowment for International Peace, the Carnegie Institution of Washington, and the Carnegie Hero Fund Commission and Carnegie Institute in Pittsburgh. Visits were also made to universities, museums, art, drama and music groups, social work agencies and parks—all of which are related to the philanthropic programs of the British trusts.



The Detailed Record

During the year ended September 30, 1955 the trustees appropriated $6,114,614. This figure includes $839,364 for the program in the British Commonwealth. The Corporation made 54 grants to 41 colleges, universities and schools; and 25 grants to other educational or research organizations.

As usual, requests outnumbered grants made by about 10 to 1. Of the 1001 requests which were declined, many were for library buildings, individual scholarships and grants-in-aid, publication subsidies, and other kinds of assistance which the Corporation, as a matter of established policy, does not provide. A considerable number of these requests, however, were for carefully planned projects of real merit which might have received assistance had the competition been less severe.

The list of recipients of grants beginning on page 57 includes institutions and organizations to which funds were appropriated during 1954–55, with amounts shown between the blue lines in the first column. Also shown are recipients of grants voted in prior years but on which payments were scheduled in 1954–55 or future years. Approximately 128 other grants in operation at the close of the fiscal year do not appear on the list because payments had been completed.

Although Carnegie Corporation does not put a rigid time limit on the use of its grants, any balance remaining after a project has been completed normally is returned to the Corporation. These refunds are added to the income available for appropriation during the year, and listed as "Adjustments of Appropriations" in the tables on pages 64 and 67.

It is the policy of the Corporation to spend all of its income each year, but careful readers of its reports will note that the income figure is never the same as the figure for appropriations or for payments. As

an administrative device, the Corporation operates on a five-year continuing budget under which some of the large grants are charged against income of the years in which they will be paid rather than against the income of the year in which the appropriations are voted. Also, there are certain fixed commitments for pensions and administrative expenses which must be deducted before the amount available for appropriation is determined.

The secretary's office is responsible for securing annual progress reports on all grants. The Corporation does not itself publish the findings of any studies which it has supported, but a number of books appear each year under the imprint of commercial or university presses reporting results of projects financed by Corporation grants. The following titles, selected from among 30 books published during the year, indicate the range of activities the Corporation has assisted:

The American Lawyer: A Survey of the Legal Profession, by Albert P. Blaustein and Charles O. Porter, University of Chicago Press.

The Appeals of Communism, by Gabriel J. Almond, Princeton University Press.

The Architect at Mid-Century: Vol. I, *Evolution and Achievement*, edited by Turpin C. Bannister; Vol. II, *Conversations Across the Nation*, edited by Francis R. Bellamy; Reinhold Publishing Corporation.

Education and Anthropology, edited by George D. Spindler, Stanford University Press.

The French-Canadians 1760–1945, by Mason Wade, Macmillan Co. of Canada Ltd.

Modern Learning Theory, by William Estes, *et al.*, Appleton-Century-Crofts.

Organizing for Peace, by Daniel S. Cheever and H. Field Haviland, Jr., Houghton Mifflin Co.

The Purposes of Higher Education, by Huston Smith, Harper & Brothers.

Soviet Military Law and Administration, by Harold J. Berman and Miroslav Kerner, Harvard University Press.

Technology and the Changing Family, by W. F. Ogburn and M. F. Nimkoff, Houghton Mifflin Co.

Appropriations and Payments

During the Year Ended September 30, 1955

This schedule shows all payments made during the fiscal year 1954–55 from appropriations of that year and of preceding years. Amounts in the first column marked thus (*) are grants allocated from funds made available in previous years.

United States

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Alaska, University of, Alaskan history textbook (X2556)		$1,400		$1,400
American Association for the Advancement of Science, Program to improve teaching of science and mathematics in secondary schools (B2784)	$300,000		$100,000	200,000
American Association of Theological Schools, Study of theological education (B2677)		30,000	30,000	
American Council on Education, To compile information on scholarships (X2603)	14,500		14,500	
American Council of Learned Societies, Dictionary of American Biography (B2663)		20,000		20,000
Grants-in-aid in linguistics (B2739)	10,000		10,000	
Support of proposed National Commission on Humanities (B2739)	12,500		12,500	
American Library Association, Management Survey (B2682)		7,500	7,500	
American Studies Association, To strengthen its program (B2709)		25,000	12,500	12,500
Amherst College, American studies (X2585)	42,000		9,000	33,000
Association of American Colleges, Institute for college and university administrators (B2769)	60,000		60,000	
Association of American Universities, Woodrow Wilson fellowships (B2614)		300,000	100,000	200,000
Atlanta University, School of library service (B2567)		8,000	4,000	4,000

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Bishop (Bernice P.) Museum, Pacific studies (B2616)		$60,000	$20,000	$40,000
Brooklyn Public Library, Reading improvement program (B2789)	$85,000		25,000	60,000
Brown University, Internships in general education (X2597)	50,000		25,000	25,000
Bucknell University, Expansion of university course (B2658)		15,000	10,000	5,000
California, University of, Research on brain organization and behavior (X2613)	55,000		25,000	30,000
Study of diversification of American higher education (X2621)	77,000			77,000
Carnegie Foundation for the Advancement of Teaching, Recruitment and training of teachers for secondary schools (Peabody College) (B2474)		20,000	20,000	
Graduate education in the South (B2539)		629,746	161,217	468,529
Carnegie Institute, Repairs and improvements to physical plant (X2564)		1,500,000	750,000	750,000
Carnegie Institute of Technology, System of faculty leaves (B2558)		24,000	12,000	12,000
Carnegie Institution of Washington, Yerkes Laboratories of Primate Biology (X2614)	50,000		10,000	40,000
Case Institute of Technology, Program in humanities and social studies (B2598)		60,000	30,000	30,000
Chicago, University of, Internships in general education (B2753)	50,000		25,000	25,000
Program of preparation of college teachers (B2559)		40,000	20,000	20,000
Studies on problems of aging (X2587)	30,000		30,000	
Philippine studies (B2642)		45,000	15,000	30,000
Preparation and publication of letters of Edmund Burke (B2645)		37,000	10,500	26,500
Center for Study of American Foreign Policy (B2723)		50,000	25,000	25,000
Survey to help increase capital resources of University (B2739)	12,500*		12,500	
Colgate University, New courses for juniors and seniors (X2598)	137,500		27,500	110,000

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Columbia University,				
General education courses in Asiatic civilization (B2562)		$30,000	$15,000	$15,000
Internships in general education (B2752)	$50,000		25,000	25,000
Study of civil-military relations (B2655)		13,000	13,000	
East European studies (B2705)		200,000	50,000	150,000
Review of general education (B2756)	50,000		15,000	35,000
Oral History Research Office (X2620)	75,000			75,000
American Assembly on problems of state government (B2768)	75,000		75,000	
Barnard College,				
Program in American civilization (B2597)		30,000	15,000	15,000
Teachers College,				
Program of citizenship education (B2629)		350,000	200,000	150,000
Columbia University Press,				
Publication of variorum edition of John Milton (X2556)		9,000		9,000
Publication of translations of oriental historical materials (B2766)	100,000		20,000	80,000
Common Council for American Unity,				
Translation and publication of handbook for immigrants (X2601)	25,000		25,000	
Cornell University,				
Study of impact of technological change on nonindustrialized societies (B2512, B2750)	40,000	140,000	90,000	90,000
Research on social factors in mental health (B2599) (See also page 65)		20,000	20,000	
Research on field observation and interviewing (B2643)		2,500	2,500	
Study of student values and behavior (B2739)	5,000		5,000	
Council for Financial Aid to Education,				
Support (B2675)		100,000	50,000	50,000
Council on Foreign Relations,				
Research and publication (B2659)		35,000	35,000	
Research, regional committees, and fellowships (B2748)	500,000		72,000	428,000
Dartmouth College,				
Russian studies (B2680)		10,000	10,000	
Duke University,				
Center of Commonwealth Studies (B2765)	350,000		50,000	300,000
Educational Testing Service,				
Exploratory study of problem of development of ability in mathematics (B2739)	10,000*		10,000	
To plan for an annual student census (B2751)	50,000		50,000	
Hartford Seminary Foundation,				
Instruction in Kennedy School of Missions (B2542)		30,000	15,000	15,000

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Harvard University,				
Russian Research Center (B2465)		$450,000	$150,000	$300,000
Research in social relations (B2511)		40,000	20,000	20,000
Internships in general education (B2754)	$50,000		25,000	25,000
Study of graduate school of public administration (B2656)		15,000	15,000	
Study of aptitude in second-language learning (B2739)	7,250*		7,250	
International studies (B2785)	750,000		50,000	700,000
Haskins Laboratories,				
Psycho-physical research on auditory patterns (B2620)		60,000	20,000	40,000
Hawaii, University of,				
Pacific studies (B2615)		60,000	20,000	40,000
Visiting professorships (B2706)		144,000	36,000	108,000
Hobart and William Smith Colleges,				
Revision of general education program (B2720, X2609)	17,500*		17,500	
Institute of International Education,				
Support (B2632)		150,000	150,000	
Johns Hopkins University,				
School of Advanced International Studies (B2428)		60,000	60,000	
Historical research (B2739)	7,000*		7,000	
Liberal Arts Colleges,				
Improvement of undergraduate education; unallocated (B2720)		920,750	(a)	544,900
Library of Congress,				
Phonograph records of American folklore (B2736)		25,000	25,000	
Long Island Biological Association,				
Cold Spring Harbor symposia (B2568)		12,000	6,000	6,000
Louisville, University of,				
Police training institute (B2767)	110,000		25,000	85,000
Management Surveys,				
Unallocated (B2682)		17,531	*12*	17,543
Massachusetts Institute of Technology,				
Study of Soviet scientific and engineering education (B2757)	20,000		20,000	
Research and conferences on American studies (B2786)	150,000		50,000	100,000
Michigan State College,				
Research on technical assistance in underdeveloped areas (B2749)	150,000		30,000	120,000

(a) $375,850 listed as allocations to individual institutions.

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Michigan, University of, Japanese studies (B2574)		$70,000	$35,000	$35,000
Millbrook School, Film on citizenship training (B2735, B2739)	$3,500	15,000	18,500	
Mills College, American studies (B2720, X2611)	70,000*		18,000	52,000
Minnesota, University of, American studies (B2732)		107,000	14,000	93,000
Mount Holyoke College, Interdepartmental courses for seniors (B2720, X2605)	100,000*		4,000	96,000
National Academy of Sciences—National Research Council, Fellowships in physiological psychology (B2707)		112,000	28,000	84,000
National Association of Student Personnel Administrators, Training seminars (B2788)	40,000		40,000	
National Citizens Commission for the Public Schools, Support (B2710)		150,000	150,000	
Support of National Citizens Council for the Public Schools (B2764)	500,000			500,000
National Civil Service League, Preparation of Civil Service law book (B2725)		20,000	20,000	
National Council of Independent Schools, Study of teacher training for secondary schools (B2739)	750* 3,250		4,000	
National Council on Religion in Higher Education, Fellowships (B2600)		30,000	15,000	15,000
National Merit Scholarship Corporation, Administrative expenses (B2783)	500,000		100,000	400,000
National Planning Association, Study of role of American business in foreign countries (X2612)	50,000		50,000	
Nebraska, University of, Community education program (B2733)		90,000	13,200	76,800
New York School of Social Work, Maintenance of Miller House (X2584)	15,000		15,000	
New York State Psychiatric Institute, Research on human brain and nervous system (X2556)		10,000	10,000	

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Northwestern University,				
African studies (B2541)		$40,000	$20,000	$20,000
Revision of curriculum in political science (B2641)		30,000	30,000	
Development of general education for undergraduates (B2720, B2738)		30,000	10,000	20,000
Notre Dame, University of,				
Study of engineering education (X2600)	$35,000		35,000	
Oberlin College,				
Study of art and music in liberal arts curriculum (B2720, X2606)	25,350*		25,350	
Occidental College,				
History of civilization course (B2720, X2607)	60,000*		12,000	48,000
Omaha, University of,				
Scholarships in college business management (B2787)	60,000		12,000	48,000
Pennsylvania State University,				
Instructional film research program (B2679)		17,000	8,500	8,500
Pennsylvania, University of,				
South Asian studies (B2575)		60,000	30,000	30,000
American studies (X2599)	150,000		30,000	120,000
Practising Law Institute,				
Educational program for district attorneys (B2676)		30,000	15,000	15,000
Princeton University,				
Near Eastern studies (B2576)		24,600	12,300	12,300
Research in international relations (B2631, B2739)	5,000	15,000	20,000	
Council of Humanities (B2703)		200,000	50,000	150,000
Puerto Rico, University of,				
Faculty research fellowships (B2722)		160,000	40,000	120,000
Reed College,				
Senior course in general education (B2720, X2568)		15,000	10,000	5,000
Saint Louis University,				
Research and training in human relations (B2660)		30,000	10,000	20,000
Smith College,				
New courses of instruction (B2560)		20,000	10,000	10,000
Social Science Research Council,				
Faculty research fellowships (B2397, B2690)		550,000	110,000	440,000
Administrative expenses (X2553)		160,000	40,000	120,000
Studies on American military policy (B2708)		50,000	25,000	25,000
Langauge studies (B2770)	75,000		37,500	37,500
Studies in field of state government (X2602)	150,000		50,000	100,000

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Stanford University,				
Research on economic development of Africa (X2554)		$120,000	$30,000	$90,000
Special graduate courses (B2692)		24,300	12,150	12,150
Evaluation of general education program (B2720, X2608)	$20,000*		20,000	
Syracuse University,				
Case studies in public administration (X2555)		50,000	25,000	25,000
Teachers Insurance and Annuity Association,				
To strengthen its reserves (B2674) (See also page 66)		2,850,000	712,500	2,137,500
Temple University,				
Study of liberal arts program and introduction of general education courses (B2720, X2610)	83,000*		41,500	41,500
Tufts College,				
Research on psychophysiology of posture (B2737)		12,000	12,000	
Tulane University,				
Latin American studies (B2606)		34,000	17,000	17,000
Seminars conducted by Society for American Archaeology (B2739)	12,500*		12,500	
Union College,				
Interdepartmental courses (B2495)		15,000	15,000	
United Negro College Fund,				
Campaign for capital funds (B2479)		25,000	25,000	
Wesleyan University,				
Interdepartmental seminars in history, government, and economics (B2704)		48,000	12,000	36,000
William Penn Charter School,				
Intensive teaching of Spanish and French (X2556)		5,000	5,000	
Wisconsin, University of,				
Visiting professorships in British Commonwealth history (X2586)	30,000		6,000	24,000
World Affairs Council of Philadelphia,				
Student program (B2726)		7,500	7,500	
Wyoming, University of,				
Program in international affairs (B2734)		40,000	10,000	30,000
Yale University,				
Southeast Asian studies (B2577)		60,000	30,000	30,000
Teaching and research in economic history (B2644)		6,600	6,600	
Teacher training program (B2691)		200,000	50,000	150,000
Internships in general education (B2755)	50,000		25,000	25,000

Appropriations and Payments—United States

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Various Items,				
Study of academic administration Consultant services (X2556)		$6,667	$6,667	
Travel Grants for Academic Administrators (B2664, X2615)	$35,000	20,645	8,256	$47,389
Funds made available but remaining unallocated (X2622)	50,000	50,000		50,000
TOTAL APPROPRIATED OR ALLOCATED	$5,701,100			
Less: Allocated from funds voted in previous years	425,850			
TOTALS: UNITED STATES	$5,275,250①	$11,406,739	$5,476,978	$11,205,011

① Appropriated from current income $4,875,250; from future income $400,000.

ADJUSTMENTS OF APPROPRIATIONS

Refunds from grants made in previous years	
1931–32, Scholarly Publication Fund, Encyclopaedia of the Social Sciences (B903, B915)	*$1,943*
1947–48, Brookings Institution (X2443)	*502*
1948–49, Association of American Universities (B2364)	*28*
1948–49, Carnegie Foundation for the Advancement of Teaching (B2348)	*1,329*
1950–51, American Economic Association (X2484)	*615*
1951–52, American University (X2504)	*697*
1951–52, Princeton University (B2540)	*2,770*
1952–53, Harvard University (X2521)	*900*
1952–53, University of Rochester (X2504)	*1,423*
1953–54, Claremont College (X2556)	*200*
	$10,407

Appropriations and Payments—British Dominions and Colonies

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Association of Universities of the British Commonwealth,				
Quinquennial Congress in Canada (X2616)	$75,000			$75,000
British Columbia, University of,				
Teaching and research in anthropology (B2482)		$15,000	$15,000	
French-Canadian studies (B2740)	10,000*		10,000	
Canadian Association for Adult Education,				
Study of responsibility of the university for adult education (B2667)		6,000	6,000	
Canadian Institute of International Affairs,				
Conference on contemporary Canadian, United Kingdom, and United States relations (B2740)	4,000*		4,000	
Commonwealth Scientific and Industrial Research Organization, Australia,				
Equipment for Division of Radio Physics (B2727)		250,000		250,000
Cornell University,				
Research on social factors in mental health (B2599) (See also page 59)		20,000	20,000	
Fourah Bay College,				
Library development (X2557)		6,000	2,000	4,000
Gold Coast College of Technology, Science & Arts,				
Library development (B2759)	10,000		4,500	5,500
Humanities Research Council of Canada,				
Faculty travel and study (B2695)		60,000	15,000	45,000
Inter-University Council for Higher Education Overseas,				
Travel expenses for meeting of colonial principals and vice-chancellors (B2740)	4,664*		4,664	
Fellowships for Colonial students (X2590)	30,000		30,000	
Jamaica, Institute of,				
Work in archives (B2284)		2,300	2,300	
Laval University,				
Research in social sciences (B2771)	130,000		26,000	104,000
Makerere College,				
Study of African leadership by East African Institute of Social Research (B2670, B2790)	25,000	48,000	32,000	41,000
Teaching and research (X2589)	81,000		28,500	52,500
McGill University,				
Arctic studies (B2529)		20,000	20,000	
McMaster University,				
Teaching in psychology (B2624)		9,400	4,700	4,700

Appropriations and Payments—British Dominions and Colonies

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Memorial University of Newfoundland, Faculty travel and historical research (B2773)	$50,000		$14,000	$36,000
Natal, University of, Institute of Social Research (X2570)		$17,500	5,000	12,500
New Zealand Council for Educational Research, Study of university entrance standards and failure rates (B2740)	4,100		4,100	
New Zealand Library Association, Microfilm equipment (X2457)		942	107	835
New Zealand, University of, Research in social sciences (B2668)		36,000	12,000	24,000
Nigerian College of Arts, Science and Technology, Library development (B2760)	10,000		3,500	6,500
Queen's University, Biochemical research (B2772)	20,000		20,000	
Rhodes University, Studies of Eastern Cape Province and adjoining areas of South Africa (X2591)	50,000		10,000	40,000
Rhodesia and Nyasaland, University College of, Establishment of Central African Institute of Education (X2588)	84,000		11,200	72,800
Royal Institute of International Affairs, Commonwealth fellowships (B2685)		12,500	12,500	
Revision of *African Survey* (B2740)	3,136* } 7,864 }		11,000	
Royal Technical College of East Africa, Library development (X2604)	10,000			10,000
Rural Training and Demonstration Centre, Asaba, Nigeria, Program of village community development (B2503)		43,484		43,484
Social Science Research Council of Australia, Grants-in-aid (B2669)		32,000	8,000	24,000
South African Institute of International Affairs, Development of information library (B2714)		5,000	5,000	
Teachers Insurance and Annuity Association, To strengthen its reserves (B2674) (See also page 63)		150,000	37,500	112,500
Toronto Public Library, Publication of Arthur papers (X2470)		7,500		7,500
Toronto, University of, Studies in comparative law (B2608)		20,000	10,000	10,000

Appropriations and Payments—British Dominions and Colonies

Recipient and Purpose	*Appropriated or Allocated During 1954–55*	*Balance from Previous Grants*	*Paid During 1954–55*	*Unpaid Balance Carried Forward*
Travel and Study, Grants for,				
Grants-in-aid 81 allocations (B2621, B2683, B2761)	$9,344* } 150,000 }	$120,029	$159,878	$93,561
Unallocated				16,590
Dominion journalists 6 allocations (B2622)	20,200*	29,739	19,100	9,439
Unallocated				1,200
University College, Ibadan, Nigeria,				
Department of extra-mural studies (B2526)		7,000	7,000	
Nutritional studies (B2791)	13,400		8,400	5,000
West Indies, University College of the,				
Center for educational research (B2697)		58,000	22,800	35,200
Faculty research and study in Caribbean area (B2758)	64,000		24,350	39,650
Consultant on radio broadcasting (B2740)	1,600*		1,600	
Western Australia, University of,				
Teaching and research in social anthropology and psychology (B2698)		32,000	8,000	24,000
Witwatersrand, University of the,				
Price Institute of Geophysical Research (B2607)		64,480	12,490	51,990
Yale University,				
Psychological research in East Africa (B2740)	1,600*		1,600	
Various Items,				
Funds made available but remaining unallocated (X2623)	25,000	25,000		25,000
TOTAL APPROPRIATED OR ALLOCATED: B.D.&C.	$893,908			
Less: Allocated from funds voted in previous years	54,544			
TOTALS: B.D.&C.	$839,364	$1,097,874	$653,789	$1,283,449

ADJUSTMENTS OF APPROPRIATIONS

Refunds from grants made in previous years:	
1953–54, University of British Columbia (X2557)	*$900*
1953–54, National Conference of Canadian Universities (X2557)	*5,180*
1953–54, Royal Institute of International Affairs (B2684)	*3,412*
	$9,492

UNITED STATES AND BRITISH DOMINIONS AND COLONIES

SUMMARY OF APPROPRIATIONS AND PAYMENTS

FOR PURPOSES IN UNITED STATES	$5,275,250	$11,406,739	$5,476,978	$11,205,011
FOR PURPOSES IN BRITISH DOMINIONS AND COLONIES	839,364	1,097,874	653,789	1,283,449
TOTALS	$6,114,614	$12,504,613	$6,130,767	$12,488,460

From Australia

RONALD M. BERNDT, Lecturer in Anthropology, University of Sydney, Australia, to study methods of teaching and research in departments of anthropology in the United States and Canada

S. J. BUTLIN, Professor of Economics, University of Sydney, Australia, to visit university departments of economics and schools of business administration in the United States and Canada

S. S. DUNN, Officer in Charge of Test Division, Australian Council for Educational Research, Melbourne, to study educational testing in the United States and Canada

O. H. FRANKEL, Chief of the Division of Plant Industry, Commonwealth Scientific and Industrial Research Organization, Canberra, Australia, to visit institutions in the United States engaged in research in genetics, plant breeding, and agronomy, and to attend the Cold Spring Harbor Symposium

GORDON GREENWOOD, Professor of History, University of Queensland, Brisbane, Australia, to visit the United Kingdom and North America to study university organization and aspects of Commonwealth history

HAROLD HOLDSWORTH, Librarian-Designate, University of Melbourne, Australia, to visit new university libraries in the United States

ALEXANDER J. MARSHALL, Reader in Psychology, University of Western Australia, Nedlands, to visit centers of research in experimental psychology in the United States

NORVAL MORRIS, Senior Lecturer in Law, University of Melbourne, Australia, to visit law schools in the United States

HAROLD J. OLIVER, Senior Lecturer in English, University of Sydney, Australia, to study the teaching of American literature in the United States

W. E. H. STANNER, Reader in Comparative Social Institutions, Australian National University, Canberra, to visit departments of social anthropology in American universities and study programs concerned with Southeast Asia and the South Pacific

MARGARET A. TELFER, Registrar, University of Sydney, Australia, to study university administration in North America

F. M. TODD, Senior Lecturer in English, Canberra University College, Australia, to study university organization and the teaching of English in the United States

H. WARING, Professor of Zoology, University of Western Australia, Nedlands, to consult with scholars in his field in North America and study the organization of teaching programs

From Canada

GEORGE CURTIS, Professor of Law, University of British Columbia, Vancouver, Canada, to study legal education in the United States

FRANCIS EUGENE LA BRIE, Professor of Law, University of Toronto, Ontario, Canada, to study methods of teaching in law schools in the United States

From New Zealand

BRUCE BIGGS, Lecturer in Maori Language, Auckland University College, New Zealand, to study linguistics at the University of Indiana

D. A. BROWN, Senior Lecturer in Geology, University of Otago, Dunedin, New Zealand, to visit university departments of geology in the United States

DOUGLAS LILBURN, Senior Lecturer in Music, Victoria University College, Wellington, New Zealand, to study music teaching in universities in the United States and meet American composers

KENNETH J. MAIDMENT, Principal, Auckland University College, New Zealand, to visit colleges and universities in North America

L. W. MCCASKILL, Associate Professor of Rural Education, Canterbury Agricultural College, Christchurch, New Zealand, to study rural education and agricultural extension work in the United States

J. R. MCCREARY, Lecturer in Social Science, Victoria University College, Wellington, New Zealand, to study teaching methods in American schools of social work

F. A. SANDALL, Librarian, Auckland University College, New Zealand, to study the organization and functions of university libraries in the United States and Canada

KEITH SINCLAIR, Senior Lecturer in History, Auckland University College, New Zealand, to visit university departments of history in the United States

PHILIP A. SMITHELLS, Director, School of Physical Education, University of Otago, Dunedin, New Zealand, to study physical education instruction in Canada and the United States

JOHN VAUGHAN, Senior Lecturer in Organic Chemistry, Canterbury University College, Christchurch, New Zealand, to visit chemistry departments in several American universities supplementary to research at the University of Michigan under a grant from the U. S. Public Health Service

From the Union of South Africa

A. S. BRINK, Research Officer, Bernard Price Institute for Palaeontological Research, Johannesburg, South Africa, to visit American centers of palaeontological research

PAUL H. CONNELL, Professor of Architecture, University of Natal, Durban, South Africa, to study architectural teaching and practice in the United States and Canada

LOUIS FOURIE, Lecturer in Economics, University of Natal, Durban, South Africa, to study the organization of social research in the United States

ROBERT JOHANNES GOETZ, Professor of Surgery, University of Cape Town, Rondebosch, South Africa, to visit medical and surgical research centers in the United States

M. A. HOUGH, Supervisor of Field Work, Jan H. Hofmeyr School of Social Work, Johannesburg, South Africa, to study methods of training for social work in the United States

H. P. JUNOD, National Organizer, Penal Reform League of South Africa, Pretoria, to study the administration of justice and race relations in the United States

H. M. ROBERTSON, Professor of Economics, University of Cape Town, Rondebosch, South Africa, to meet American historians interested in the westward movement and to study the organization of university libraries

A. L. SCHAFFER, Native Commissioner and Magistrate, Keiskammahoek, South Africa, to study American and British methods of rehabilitation of backward communities

D. B. SEARS, Professor of Mathematics, University of Cape Town, Rondebosch, South Africa, to study the organization of teaching and research in university mathematics departments in the United States and Canada

H. B. THOM, Principal, University of Stellenbosch, South Africa, to study university administration and the organization of medical schools in the United States

O. D. WOLLHEIM, Warden, Cape Flats Distress Association, Cape Town, South Africa, to study race relations and social welfare work in the United States

From the Colonies

DAVID BALME, Principal, University College of the Gold Coast, West Africa, to study university administration in the United States and Canada

LOUISE M. BELL, Principal, University Hospital School of Nursing, Ibadan, Nigeria, to study nursing education in the United States and Canada

SYDNEY CAINE (SIR), Vice-Chancellor, University of Malaya, to visit universities and other institutions in the United States concerned with Southeast Asian studies

ERIC LUCAS, Professor of Education, Makerere College, Kampala, Uganda, East Africa, to study teacher training and the organization of educational research in the United States

JAMES MCHARG, Schools Inspector, Gwelo, Southern Rhodesia, to study school administration in the United States

From the United States

LEE DUBRIDGE, President, California Institute of Technology, Pasadena, to visit universities and government research organizations in Australia and New Zealand

WILLIAM M. HIESEY, Staff Member, Department of Plant Biology, Carnegie Institution of Washington, Stanford, California, to visit Australia and New Zealand for study and consultations on grassland problems

SAMUEL S. WILKS, Professor of Mathematics, Princeton University, New Jersey, to consult with colleagues in New Zealand and Australia on problems of statistical research and the application of statistics to industry and the social sciences

Dominion Journalists

IAN CROSS, Chief Reporter, *The Dominion*, Wellington, New Zealand

FRED CHARLES FLOWERS, Senior Reporter and Feature Writer, *Herald and Weekly Times Ltd.*, Melbourne, Australia

W. H. FRENCH, Reporter, *The Globe and Mail*, Toronto, Ontario, Canada

In the pages following these remarks will be found various statements, cast in the customary form, showing the Corporation's assets and liabilities on September 30, 1955, its income for the year ended on that date and how it was spent, a summary of its investments and of the changes in them during the year, and a list of all the securities owned at the year's end with their cost and market values. All these statements have been audited by the independent public accounting firm of Price Waterhouse & Co., whose explanation of how they were prepared and opinion that they reflect fairly the Corporation's financial position appear on page 90.

The purpose of the following remarks is to give the reader more information about the Corporation's finances and the changes in its position during the year than can be obtained from the audited statements alone.

The Corporation's assets at cost or book value on September 30, 1955 were classified as follows:

Assets

	Sept. 30, 1955	*%*	*Sept. 30, 1954*	(+) *Increase or* (−) *Decrease During the Year*
Marketable Securities				
U. S. Government Bonds	$67,509,810	38.02	$71,439,838	−$3,930,028
Other Bonds	42,649,789	24.02	40,242,819	+ 2,406,970
Preferred Stocks	8,907,748	5.02	8,990,234	− 82,486
Common Stocks	55,021,477	30.99	50,762,571	+ 4,258,906
Reversionary Interests	1,031,036	.58	1,032,925	− 1,889
Cash	2,105,941	1.18	751,545	+ 1,354,396
Other Assets	334,197	.19	355,239	− 21,042
	$177,559,998	100.00	$173,575,171	+$3,984,827

The book value (or cost) of the four classes of marketable securities was $174,088,824, an increase of $2,653,362 during the year. The increase was due largely to the reinvestment of the profits realized on the sale of various common stocks made during the year for the purpose of reinvesting in other common stocks. The market value of these securities was $240,965,367, the highest ever recorded, and represented an increase of $23,576,152 during the year.

Included in the assets are certain items of income appropriated for specific purposes but not yet paid out under the agreed schedules of payment, and also the remainder of the income of the British Dominions and Colonies fund which accumulated during the war years when it could not be spent. The total of income so set aside is:

	Sept. 30, 1955		(+) *Increase or* (−) *Decrease During the Year*
Reserves			
Carnegie Foundation Pensions	$850,001		
Professors' Annuities	590,367		
		$1,440,368	−$413,751
Appropriations Payable	$12,488,460		
Less Payable out of future income United States	3,148,988		
		9,339,472	+ 900,903
Unappropriated Income—British Dominions and Colonies		446,798	− 301,561
		$11,226,638	+$185,591

Endowment

When the foregoing items representing undisbursed income are deducted from the total assets the remainder is $166,333,360. This is the Corporation's capital fund, from the earnings of which it carries on its activities. It is made up of:

	Sept. 30, 1955	(+) *Increase During the Year*
Endowment and Legacies	$135,336,869	
Accumulated Net Profit on Sales and Redemption of Securities	30,996,491	
	$166,333,360	+$3,799,236

The accumulated net profit is set aside in Depreciation Reserve and in Counsel's opinion is not income and is not available for appropriation. It is to provide for possible future losses from sale or redemption of securities, and loss of premiums on bonds or in the recovery of the remaining reversionary interests in the trusts handled by Home Trust Company.

Miscellaneous Assets

Over 99% of the Corporation's assets is made up of cash and marketable securities at cost. The remainder came from bequests under the wills of Mr. Carnegie and Mrs. Carnegie.

Carnegie House Properties

The Carnegie House properties were bequeathed to the Corporation by Mrs. Carnegie. They are carried on the Corporation books at the nominal valuation of $1. They consist of the land and two buildings located in New York City at Two East Ninety-first Street and Nine East Ninetieth Street. The properties are leased rent-free until September 30, 1970 to the New York School of Social Work, an affiliated graduate school of Columbia University. The School of Social Work has sublet the smaller of the two buildings to the New York School for Nursery Years.

Home Trust Company

The Corporation owns all the capital stock (except directors' qualifying shares) of Home Trust Company, which is carried in the Corporation accounts as part of Other Assets for $334,195, its appraised value when acquired in 1925 from Mr. Carnegie's estate. It also owns the reversionary interest in various trusts established by Mr. Carnegie and administered by Home Trust Company.

President of Home Trust Company is C. Herbert Lee, Treasurer of Carnegie Corporation; Vice President is James A. Perkins, Vice President of Carnegie Corporation; Secretary is Jerome A. Q. Franks; and Treasurer is Reginald A. Cook, Assistant Investment Officer of

Teachers Insurance & Annuity Association. These persons, with Walter A. Mahlstedt, Investment Officer of Teachers Insurance & Annuity Association, make up the Trust Company's board of directors.

Home Trust Company was organized in 1901 in New Jersey to care for various of Mr. Carnegie's financial interests after he retired. It became trustee of certain trusts set up by Mr. Carnegie during his lifetime to pay pensions to various people on his private pension list. It acted as executor of Mr. Carnegie's estate and is still trustee of certain trusts established by his will.

Home Trust Company has never engaged in a general banking business nor accepted deposits. Its original capital of $100,000 has grown to $426,738.63 (on July 29, 1955) from its earnings. Since it accepts no new business, its activities have steadily declined due to the deaths of former recipients of pensions and annuities. When Mr. Carnegie died in 1919 there were 45 annuitants trusts, and 409 pensioners. There are now 9 annuitants trusts and 24 pensioners. Of Carnegie Corporation's reversionary interest in these trusts, originally $5,386,133, so far $4,355,097 has been received as various trusts expired. The present balance is $1,031,036. In the year just closed the Corporation received $4,200 of excess income from the Pensions Trust, which was allocated $2,311 to income and $1,889 in liquidation of the reversionary interest itself.

Advances to Carnegie Foundation for the Advancement of Teaching

Through September 30, 1955 the Corporation had advanced $9,105,000 from income to the Carnegie Foundation for the Advancement of Teaching to enable the Foundation to carry out its obligations for payment of free pensions to retired college and university teachers and their widows. These advances are to be repaid by the Foundation without interest from time to time in the future, from whatever income it has available after the payment of pensions and other expenditures. Their present value is of course dependent on the rate of repayment. There is no way to determine present value now; ac-

cordingly, these advances are carried on the Corporation's books at the nominal value of $1. The Corporation is obligated for advances up to a total not to exceed $15,000,000. Last year's advances were $1,145,000. All the advances to date have been met from income set aside for the purpose. At the present time the Corporation has a reserve of $850,001 to meet future advances which was set aside from past income; the Corporation is continuing to set aside $900,000 annually for this purpose.

Changes in Investments During the Year

The most important change in the Corporation's securities during the year involved the sale of various common stocks to buy other common stocks. Principally because of the reinvestment of the profit on common stocks sold, the cost of the total investment in common stocks increased by $4,258,906. The investment in U. S. Government bonds was reduced by $3,930,028, but $2,406,970 was added to the investment in other (corporation) bonds, and of the rather large cash balance on hand at the year's end $1,328,665 was committed to the purchase of additional corporation bonds. Preferred stocks were reduced by $82,486. The sales of common stocks brought a realized profit of $3,729,644; the other sales of securities $69,592. The total profit realized on security transactions was $3,799,236, which was added to Depreciation Reserve. The market value of all securities held was at the year's end $66,876,543 more than cost or book value. Practically all of this accrued to the common stocks since the market value of the bonds was $1,276,735 less than their cost and that of the relatively small investment in preferred stocks was only $185,405 more than cost.

The Detailed Record

Income and Appropriations

	1954-55	*1953-54*	(+) *Increase or* (−) *Decrease from 1953-54*
Dividends and Interest on Securities	$8,317,618	$7,786,147	+ $531,471
Income recovered from Reversionary Interests	2,311	2,105	+ 206
	$8,319,929	$7,788,252	+ $531,677
Administration Expenses	683,150	546,581	+ 136,569
	$7,636,779	$7,241,671	+ $395,108
Transferred to Reserves	926,569	936,632	− 10,063
	$6,710,210	$6,305,039	+ $405,171
Appropriations			
Authorized from current income	5,714,614	6,398,850	− 684,236
Of previous years for payment in 1954–55	1,270,000	95,000	+1,175,000
Excess of Appropriations over Income for the year	$274,404	$188,811	+ $85,593
Appropriations refunded during the year	19,899	98,769	− 78,870
Unappropriated Income brought forward from 1953–54	1,202,315	1,292,357	− 90,042
Balance of income unappropriated and carried forward to 1955–56	$947,810	$1,202,315	− $254,505
United States	$388,512	$303,956	+ $84,556
British Dominions and Colonies	559,298	898,359	− 339,061

The income received from securities during the year was equal to a return of 4.78% on the cost of securities held at the year end; in the preceding year it was 4.54%. It was also the largest income in the Corporation's history.

CARNEGIE CORPORATION OF NEW YORK

EXHIBIT I

BALANCE SHEET

SEPTEMBER 30, 1955

Assets

Securities at Book Amounts (SCHEDULE A and NOTE 1)		
Bonds		
U. S. Government	$67,509,810	
Other	42,649,789	
Stocks		
Preferred	8,907,748	
Common	55,021,477	
Total (Approximate market quotations $240,965,367)		$174,088,824
Reversionary Interests		
Annuitants Trusts	$943,730	
Pensions Trust	63,011	
Carnegie Hall Pension Trust	24,295	
		1,031,036
Cash		2,105,941
Other Assets (NOTE 2)		
Home Trust Co., Capital Stock	$334,195	
Carnegie Foundation—Advances on pensions	1	
Carnegie House Properties	1	
		334,197
		$177,559,998

NOTES

1. Investments in securities are carried generally at cost if purchased or at quoted market value at dates of receipt if acquired by gift.
2. See pages 72–74.

CARNEGIE CORPORATION OF NEW YORK

EXHIBIT I

BALANCE SHEET

SEPTEMBER 30, 1955

Funds, Reserves and Liabilities

Capital Fund			
Endowment		$125,000,000	
Legacies		10,336,869	
Depreciation Reserve (NOTE 2)			
Balance at beginning of year	$27,197,255		
Add: Profit on sale of securities	3,799,236		
Balance at end of year		30,996,491	
			$166,333,360
Reserves			
Carnegie Foundation Pensions (NOTE 2)		$850,001	
Professors' Annuities		590,367	
			1,440,368

	British Dominions & Colonies	*United States*		
Appropriations Authorized				
Current—Payable from income received prior to September 30, 1955	$1,170,949	$7,667,511	$8,838,460	
Deferred—Payable from income of the fiscal years ending				
September 30, 1956	$37,500	$1,312,500		
September 30, 1957	37,500	1,312,500		
September 30, 1958	37,500	812,500		
September 30, 1959		100,000		
	$112,500	$3,537,500	3,650,000	
Totals (See page 67)	$1,283,449	$11,205,011		12,488,460
Appropriations in Excess of Income to Date Payable Out of Future Income, United States (EXHIBIT II)				*3,148,988*
Income in Excess of Appropriations to Date British Dominions and Colonies (EXHIBIT III)				446,798
				$177,559,998

EXHIBIT II

UNITED STATES

Statement of Income, Expenses and Appropriations

For the Year Ended September 30, 1955

and Appropriations Payable Out of Future Income

Income		
Dividends and interest on securities (SCHEDULE A)	$7,743,982	
Income portion of Reversionary Interests recovered during the year*	2,311	
Interest on note	325	
		$7,746,618
Administration expenses (SCHEDULE C)		638,150
Net Income		$7,108,468
Transfer to reserves		
Carnegie Foundation—Pensions	$900,000	
Professors' Annuities	26,569	
		926,569
Income available for appropriations		$6,181,899
Appropriations of current income		
Authorized during current year (see page 64)	$4,875,250	
Authorized during prior years	1,232,500	
	$6,107,750	
Deduct		
Appropriations refunded	10,407	
		6,097,343
Income in excess of appropriations for the year		$84,556
Balance, unappropriated income, October 1, 1954		303,956
Balance, unappropriated income, September 30, 1955		$388,512
Deduct—Appropriations authorized payable out of future income (see EXHIBIT I)		3,537,500
Appropriations in excess of income to date payable out of future income		$3,148,988

*Income from Reversionary Interests, see page 73.

CARNEGIE CORPORATION OF NEW YORK

EXHIBIT III

BRITISH DOMINIONS AND COLONIES

Statement of Income, Expenses and Appropriations

For the Year Ended September 30, 1955

and Unappropriated Income

Income		
Dividends and interest on securities (SCHEDULE A)		$573,311
Administration expenses (SCHEDULE C)		45,000
Income available for appropriations		$528,311
Appropriations of current income		
Authorized during current year (see page 67)	$839,364	
Authorized during prior years	37,500	
	$876,864	
Deduct—Amounts refunded	9,492	
		867,372
Appropriations in excess of income for the year		$339,061
Balance, unappropriated income, October 1, 1954		898,359
Balance, unappropriated income, September 30, 1955		$559,298
Deduct—Appropriations authorized payable out of future income (see EXHIBIT I)		112,500
Income in excess of appropriations to date		$446,798

SCHEDULE A

Summary of Securities Held

September 30, 1955

and Income for the Year

	Rights	*Shares*	*Par*	*Book Amount*	*Approximate Market Quotations*	(+) *Greater or* (−) *Less than Book*	*Net Income*
Bonds							
U. S. Government			$66,648,000	$67,509,810	$67,088,383	− $421,427	$1,888,783
Others			41,962,773	42,649,789	41,794,481	− 855,308	1,346,717
Totals			$108,610,773	$110,159,599	$108,882,864	− $1,276,735	$3,235,500
Stocks							
Preferred		113,609		8,907,748	9,093,153	+ 185,405	384,745
Common	18,800	1,938,327		55,021,477	122,989,350	+ 67,967,873	4,697,048
Totals, Schedule B	18,800	2,051,936	$108,610,773	$174,088,824	$240,965,367	+$66,876,543	
Total Income							$8,317,293
British Dominions and Colonies—Allocated in accordance with Resolution B2263							$573,311
United States							7,743,982
							$8,317,293

Summary of Security Transactions

During Year Ended September 30, 1955

	Rights	*Shares*	*Par*	*Book Amount*
Balance October 1, 1954	33,000	1,686,235	$110,389,773	$171,435,462
Purchased, Transferred or Exchanged	169,235	637,351	17,624,000	29,813,119
Totals	202,235	2,323,586	$128,013,773	$201,248,581
Sold, Redeemed or Exchanged	183,435	271,650	19,403,000	27,159,757
Balance, September 30, 1955	18,800	2,051,936	$108,610,773	$174,088,824
Net Profit on Securities Sold, Redeemed or Exchanged				$3,799,236

CARNEGIE CORPORATION OF NEW YORK

SCHEDULE B

Statement of Securities

As of September 30, 1955

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
U. S. Government			
Treasury			
3¼s, June 15, 1978–83	$17,500,000	$18,019,344	$18,320,313
3s, Feb. 15, 1995	10,000,000	10,028,125	9,993,750
2¾s, Sept. 15, 1961	3,650,000	3,642,800	3,639,734
2⅜s, June 15, 1958	2,120,000	2,120,000	2,106,750
2⅜s, March 15, 1957–59	12,828,000	13,005,476	12,703,729
2¼s, June 15, 1959–62	9,000,000	9,001,120	8,730,000
Treasury Notes			
2⅞s, March 15, 1957	9,500,000	9,642,945	9,562,344
Savings*			
2.76%, Ser. K, April 1, 1966 (Registered)	200,000	200,000	200,000
2½s, Ser. G, Jan. 1, 1956 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Jan. 1, 1957 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Jan. 1, 1958 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Feb. 1, 1959 (Registered)	100,000	100,000	100,000
2½s, Ser. G, June 1, 1960 (Registered)	100,000	100,000	100,000
2½s, Ser. G, July 1, 1960 (Registered)	900,000	900,000	900,000
2½s, Ser. G, Jan. 1, 1961 (Registered)	100,000	100,000	100,000
2½s, Ser. G, Jan. 1, 1963 (Registered)	100,000	100,000	100,000
Treasury			
2½s, Investment Ser. A, Oct. 1, 1965 (Registered)	250,000	250,000	231,763
Totals	$66,648,000	$67,509,810	$67,088,383

* Market values shown are maturity values rather than redemption values at September 30, 1955.

SCHEDULE B—STATEMENT OF SECURITIES

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
Allied Chemical & Dye Corp.,			
Deb. 3½s, April 1, 1978	$1,100,000	$1,089,000	$1,141,250
Aluminum Co. of Canada, Ltd.,			
S. F. Deb. 3⅞s, May 1, 1970	900,000	913,500	941,625
American Telephone & Telegraph Co.,			
Deb. 3⅜s, Dec. 1, 1973	1,012,000	1,028,541	1,038,565
Deb. 2⅞s, June 1, 1987	275,000	279,875	253,688
Deb. 2¾s, Feb. 1, 1971	1,000,000	1,007,970	955,000
Deb. 2¾s, Oct. 1, 1975	552,000	551,539	520,260
Deb. 2¾s, Aug. 1, 1980	215,000	215,000	197,531
Bethlehem Steel Corp.,			
Cons. S. F. 2¾s, Ser. I, July 15, 1970	275,000	279,812	264,000
Buffalo Niagara Electric Corp.,			
1st 2¾s, Nov. 1, 1975	225,000	229,635	210,375
Carolina, Clinchfield & Ohio Ry. Co.,			
1st 4s, Ser. A, Sept. 1, 1965	175,000	179,500	182,219
Chicago, Milwaukee, St. Paul & Pacific R. R. Co.,			
Eq. Tr. Ctfs. 1⅞s, Ser. Z, Jan. 1, 1956	100,000	97,892	99,740
Eq. Tr. Ctfs. 1⅞s, Ser. Z, Jan. 1, 1957	75,000	72,936	73,973
Eq. Tr. Ctfs. 1⅞s, Ser. Z, July 1, 1957	75,000	72,838	73,508
Chicago & North Western Ry. Co.,			
2nd Eq. Tr. Ctfs. 2⅜s, Aug. 1, 1959	190,000	188,745	183,711
2nd Eq. Tr. Ctfs. 2⅜s, Aug. 1, 1960	210,000	207,493	200,928
Chicago & Western Indiana R. R. Co.,			
1st S. F. 4⅜s, Ser. A, May 1, 1982	475,000	484,975	501,125
C.I.T. Financial Corp.,			
Notes 2¾s, Nov. 1, 1955 (Registered)	500,000	500,000	500,000
Notes 2¾s, Nov. 1, 1956 (Registered)	500,000	500,000	498,150
Promissory Notes 3½s, April 15, 1959 (Registered)	500,000	500,000	500,000
Commonwealth Edison Co.,			
1st 3s, Ser. L, Feb. 1, 1977	250,000	260,625	245,000
S. F. Deb. 3s, April 1, 1999	392,000	404,544	366,520
Consolidated Edison Co. of New York, Inc.,			
1st & Ref. 3s, Ser. D, Nov. 1, 1972	290,000	293,045	290,000
1st & Ref. 2¾s, Ser. C, June 1, 1972	275,000	280,500	258,500
Deere & Co.,			
Deb. 2¾s, April 1, 1965	350,000	357,000	336,000
Food Machinery Corp.,			
S. F. Deb. 2½s, March 15, 1962	350,000	353,062	332,500
General Motors Acceptance Corp.,			
Deb. 4s, July 1, 1958	890,000	890,000	910,025
Deb. 3⅞s, Sept. 15, 1961	2,000,000	1,990,000	2,052,500
Deb. 3⅝s, Sept. 1, 1975	600,000	594,500	600,000

SCHEDULE B—STATEMENT OF SECURITIES

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
Goodrich Co., B. F.,			
Promissory Notes 3¼s, Sept. 1, 1977	$1,425,000	$1,425,000	$1,402,913
Household Finance Corp.,			
S. F. Deb. 2¾s, July 1, 1970	425,000	427,550	408,000
Illinois Central R. R. Co.,			
Eq. Tr. Ctfs. 2¼s, Ser. BB, Jan. 1, 1957	200,000	197,641	198,420
Eq. Tr. Ctfs. 2¼s, Ser. BB, Jan. 1, 1958	100,000	98,206	98,380
Eq. Tr. Ctfs. 2¼s, Ser. DD, May 1, 1958	121,000	119,392	118,616
Eq. Tr. Ctfs. 2¼s, Ser. BB, July 1, 1958	100,000	97,909	97,900
Eq. Tr. Cfts. 2¼s, Ser. DD, May 1, 1959	66,000	64,735	64,112
International Bank for Reconstruction & Development,			
3⅛s, Jan. 1, 1969	500,000	506,250	506,250
3s, July 15, 1972	766,000	766,000	737,275
Lilly & Co., Eli,			
Notes 3¼s, Jan. 1, 1982 (Registered)	167,000	167,000	167,000
Louisville & Nashville R. R. Co.,			
1st & Ref. 3⅜s, Ser. F, April 1, 2003	35,000	34,912	34,300
1st & Ref. 3⅜s, Ser. I, April 1, 2003	965,000	962,875	950,525
Metropolitan Edison Co.,			
1st 2⅞s, Nov. 1, 1974	250,000	253,437	235,625
Minnesota Mining & Manufacturing Co.,			
S. F. Deb. 2¾s, Oct. 1, 1967	257,000	258,927	254,751
Minnesota Power & Light Co.,			
1st 3⅛s, Sept. 1, 1975	285,000	293,725	275,025
New England Telephone & Telegraph Co.,			
Deb. 3s, Oct. 1, 1982	330,000	335,362	318,450
New York & Pennsylvania Co., Inc.,			
1st 3¼s, Oct. 1, 1965 (Registered)	750,000	750,000	750,000
New York Power & Light Corp.,			
1st 2¾s, March 1, 1975	325,000	332,281	302,250
New York Steam Corp.,			
1st 3½s, July 1, 1963	225,000	238,781	229,500
Northern Pacific Ry. Co.,			
Eq. Tr. Ctfs. 2⅜s, March 15, 1957	275,000	275,498	272,250
Eq. Tr. Ctfs. 2⅜s, March 15, 1960	80,000	79,309	77,144
Eq. Tr. Ctfs. 2⅜s, June 15, 1960	170,000	167,387	163,608
Northern States Power Co.,			
1st 2¾s, Oct. 1, 1975	350,000	357,191	327,688
Oklahoma Gas & Electric Co.,			
1st 2¾s, Feb. 1, 1975	300,000	305,214	279,750
Oregon-Washington R. R. & Navigation Co.,			
Ref. 3s, Ser. A, Oct. 1, 1960	620,000	639,822	622,325

SCHEDULE B—STATEMENT OF SECURITIES

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
Pacific Fruit Express Co.,			
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1956 (Registered)	$350,000	$353,340	$349,860
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1957 (Registered)	300,000	302,149	298,620
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1958 (Registered)	300,000	301,191	296,970
Eq. Tr. Ctfs. 2¾s, Ser. J, Feb. 1, 1959 (Registered)	350,000	350,000	345,065
Pacific Gas & Electric Co.,			
1st & Ref. 3s, Ser. L, June 1, 1974	250,000	260,000	243,125
1st & Ref. 3s, Ser. M, Dec. 1, 1979	575,000	622,281	553,438
1st & Ref. 2⅞s, Ser. Q, Dec. 1, 1980	275,000	271,343	258,500
Pacific Telephone & Telegraph Co.,			
Deb. 3⅛s, Oct. 1, 1987	295,000	298,687	287,625
Deb. 2⅞s, Oct. 1, 1986	340,000	351,075	314,075
Panhandle Eastern Pipe Line Co.,			
Deb. 2¼s, May 1, 1959	143,000	138,914	135,850
Deb. 2¼s, May 1, 1960	132,000	127,068	124,080
Deb. 2¼s, May 1, 1961	167,000	161,795	155,310
Pennsylvania R. R. Co.,			
Eq. Tr. Ctfs. 2½s, Ser. V, Nov. 1, 1955	250,000	252,945	249,900
Eq. Tr. Ctfs. 2⅛s, Ser. S, July 1, 1962	200,000	191,900	184,740
Philadelphia Electric Co.,			
1st & Ref. 2⅞s, Feb. 1, 1978	275,000	272,937	266,750
1st & Ref. 2¾s, Nov. 1, 1967	273,000	274,882	265,493
Public Service Co. of Indiana, Inc.,			
1st 3⅛s, Ser. F, Sept. 1, 1975	245,000	251,027	240,100
Public Service Co. of Oklahoma,			
1st 2¾s, Ser. A, July 1, 1975	225,000	230,387	209,250
Reynolds Tobacco Co., R. J.,			
Deb. 3s, Oct. 1, 1973	491,000	508,712	478,725
St. Louis-San Francisco Ry. Co.,			
Eq. Tr. Ctfs. 2¾s, Ser. A, Jan. 15, 1957	80,000	79,684	79,752
Shell Caribbean Petroleum Co.,			
4s, Oct. 1, 1968 (Registered)	4,600,000	4,600,000	4,600,000
Skelly Oil Co.,			
Deb. 2¾s, July 1, 1965	370,000	376,475	359,363
Southern Pacific Co.,			
Eq. Tr. Ctfs. 2⅛s, Ser. Z, Jan. 1, 1956	250,000	247,828	249,550
Eq. Tr. Ctfs. 2⅛s, Ser. Z, Jan. 1, 1957	250,000	246,566	247,475
Eq. Tr. Ctfs. 2s, Ser. V, Aug. 1, 1956	105,000	103,727	104,223
Eq. Tr. Ctfs. 2s, Ser. V, Aug. 1, 1957	170,000	166,985	166,991

SCHEDULE B—STATEMENT OF SECURITIES

Bonds	*Par*	*Book Amount*	*Approximate Market Quotations*
Southern Ry. Co.,			
1st Cons. 5s, July 1, 1994	$1,000,000	$1,333,176	$1,288,750
Eq. Tr. Ctfs. 2½s, Ser. RR, June 15, 1958	125,000	125,810	123,250
Eq. Tr. Ctfs. 2½s, Ser. RR, Dec. 15, 1958	125,000	125,573	122,938
Eq. Tr. Ctfs. 2⅜s, Ser. QQ, April 1, 1958	100,000	98,999	98,510
Eq. Tr. Ctfs. 2⅜s, Ser. QQ, Oct. 1, 1958	150,000	148,424	147,120
Southern Ry. Co.,			
Participation in sale agreement covering railway equipment 2.95%, Oct. 1, 1957–61*	957,773	957,773	957,773
Standard Oil Co. (Indiana),			
Conv. Deb. 3⅛s, Oct. 1, 1982	500,000	525,250	568,750
Standard Oil Co. (N. J.),			
Deb. 2¾s, July 15, 1974	850,000	854,250	807,500
Swift & Co.,			
Deb. 2⅝s, Jan. 1, 1972	101,000	101,505	94,561
Tennessee Gas & Transmission Co.,			
Deb. 4¼s, Sept. 1, 1974	970,000	1,028,248	1,001,525
1st 3¼s, Sept. 1, 1971	471,000	470,689	468,645
1st 2¾s, April 1, 1966	219,000	222,285	205,860
Texas Electric Service Co.,			
1st 2¾s, March 1, 1975	285,000	287,850	264,338
United Biscuit Co. of America,			
Deb. 2¾s, April 1, 1966	135,000	137,887	132,131
Utah Oil Refining Co.,			
Promissory Notes 3.05s, March 1, 1970	1,000,000	1,000,000	971,500
Virginia Electric & Power Co.,			
1st & Ref. 2¾s, Ser. E, March 1, 1975	275,000	279,812	254,375
West Penn Power Co.,			
1st 3⅛s, Ser. I, Jan. 1, 1966	325,000	344,775	338,000
1st 3s, Ser. L, May 1, 1974	275,000	288,654	265,375
Totals	$41,962,773	$42,649,789	$41,794,481
Totals, Bonds	$108,610,773	$110,159,599	$108,882,864

Preferred Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
Air Reduction Co., Inc., (conv. cum.) 4.50%	1,000	$102,868	$135,000
American Brake Shoe Co., (conv. cum.) 4%	1,100	110,000	116,600
Appalachian Electric Power Co., (cum.) 4½%	1,859	212,151	202,631
Atchison, Topeka & Santa Fe Ry. Co., (non-cum.) 5%	6,000	271,487	358,500

* Amount shown under market value is maturity value.

SCHEDULE B—STATEMENT OF SECURITIES

Preferred Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
Baltimore Gas & Electric Co., (cum.) "B" 4¼%	1,400	$165,321	$154,700
Bethlehem Steel Corp., (cum.) 7%	2,500	300,155	411,250
Carrier Corp., (cum.) 4½%	5,700	302,090	296,400
Cleveland Electric Illuminating Co., (cum.) $4.50	3,500	388,054	379,750
Connecticut Light & Power Co., (cum.) $2.	5,500	295,354	272,250
Consumers Power Co., (cum.) $4.50	1,580	179,807	172,615
Dayton Power & Light Co., (cum.) "A" 3.75%	2,200	220,000	201,300
Du Pont de Nemours & Co., E. I., (cum.) $4.50	2,500	305,792	300,625
General Mills, Inc., (cum.) 5%	1,000	127,136	121,000
General Motors Corp., (cum.) $5.	5,000	501,939	617,500
Hartford Electric Light Co., (cum.) 3.90%	2,200	110,000	104,500
International Nickel Co. of Canada, Ltd., (cum.) 7%	1,350	184,132	184,275
Kansas City Power & Light Co., (cum.) 4%	300	29,767	30,900
Kansas Power & Light Co., (cum.) 4¼%	2,300	257,017	242,650
Monongahela Power Co., (cum.) 4.40%	2,750	306,794	278,438
Monsanto Chemical Co., (cum.) "C" $3.85	5,000	500,000	490,000
New York State Electric & Gas Corp., (cum.) 3.75%	2,700	265,725	249,750
Niagara Mohawk Power Corp., (cum.) 3.90%	2,140	222,560	212,128
(cum.) 3.60%	2,300	236,555	203,550
Northern States Power Co., (cum.) $3.60	1,130	116,107	99,440
Ohio Edison Co., (cum.) 4.40%	1,100	122,735	121,550
(cum.) 3.90%	2,800	287,350	272,300
Ohio Power Co., (cum.) 4¼%	1,300	148,830	145,600
Pacific Gas & Electric Co., 1st (cum.) 5% Redeemable	21,000	552,492	603,750
Pennsylvania Power & Light Co., (cum.) 4½%	1,100	124,614	120,175
Public Service Co. of Colorado, (cum.) 4¼%	1,400	140,000	141,750
Public Service Co. of Oklahoma, (cum.) 4%	1,500	154,125	139,500
Public Service Electric & Gas Co., (cum.) 4.08%	2,500	255,000	253,750
South Carolina Electric & Gas Co., (cum.) 5%	3,300	173,467	171,600
Southern California Edison Co., (cum.) 4.32%	6,200	178,350	165,850
Union Electric Co. of Missouri, (cum.) $4.50	1,300	148,781	142,838
U. S. Steel Corp., (cum.) 7%	3,500	484,552	569,625
Virginia Electric & Power Co., (cum.) $5.	1,900	230,734	218,500
West Penn Power Co., (cum.) 4½%	1,700	195,907	190,613
Totals, Preferred Stocks	113,609	$8,907,748	$9,093,153

Common Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
Allied Chemical & Dye Corp.	11,800	$539,876	$1,268,500
Aluminium, Ltd.	10,800	542,187	1,181,250
Aluminum Co. of America	10,800	246,151	892,350
American Can Co.	12,000	336,818	517,500
American Gas & Electric Co.	28,843	622,103	1,287,119

SCHEDULE B—STATEMENT OF SECURITIES

Common Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
American Telephone & Telegraph Co.	18,800	$2,728,968	$3,384,000
Atchison, Topeka & Santa Fe Ry. Co.	14,000	761,954	1,928,500
Babcock & Wilcox Co.	8,000	375,083	728,000
Bankers Trust Co.	7,300	336,111	461,725
Bendix Aviation Corp.	26,750	491,540	1,297,375
Bethlehem Steel Corp.	19,000	1,269,339	2,930,750
Borg-Warner Corp.	19,800	450,689	861,300
Carrier Corp.	7,000	411,095	365,750
Caterpillar Tractor Co.	20,800	361,082	1,076,400
Central & South West Corp.	37,000	948,678	1,230,250
Champion Paper & Fibre Co.	11,500	671,541	626,750
Christiana Securities Co.	115	640,320	1,679,000
Consolidated Edison Co. of New York, Inc.	23,000	949,629	1,135,625
Consolidated Natural Gas Co.	12,400	283,236	423,150
Consumers Power Co.	18,535	639,991	901,264
Continental Can Co., Inc.	8,000	334,881	588,000
Continental Oil Co.	12,000	237,998	1,020,000
Crown Zellerbach Corp.	18,000	420,659	972,000
Deere & Co.	20,800	686,261	733,200
Dow Chemical Co.	10,000	372,156	547,500
Du Pont de Nemours & Co., E. I.	7,500	323,363	1,642,500
Eastman Kodak Co.	14,910	418,864	1,202,119
Firestone Tire & Rubber Co.	20,000	722,943	1,510,000
Florida Power & Light Co.	30,000	707,424	1,065,000
General Electric Co.	91,200	993,260	4,560,000
General Motors Corp.	42,000	1,027,779	5,985,000
General Portland Cement Co.	13,500	695,489	715,500
Goodrich Co., B. F.	36,000	362,520	2,686,500
Goodyear Tire & Rubber Co.	23,000	1,108,463	1,408,750
Guaranty Trust Co. of New York	3,500	196,430	276,500
Gulf Oil Corp.	29,021	767,573	2,568,359
Halliburton Oil Well Cementing Co.	25,000	495,715	1,425,000
Illinois Power Co.	12,000	357,233	654,000
Ingersoll-Rand Co.	36,000	593,425	2,025,000
Inland Steel Co.	10,000	373,944	845,000
International Nickel Co. of Canada, Ltd.	10,000	360,549	805,000
International Paper Co.	10,500	481,029	1,141,875
Johns-Manville Corp.	21,000	823,966	1,748,250
Kaiser Aluminum & Chemical Corp.	60,000	626,198	2,250,000
Kennecott Copper Corp.	20,800	944,678	2,334,800
Kimberly-Clark Corp.	22,000	531,717	1,113,750
Libbey-Owens-Ford Glass Co.	8,000	146,865	647,000
Louisiana Land & Exploration Co.	16,000	1,086,259	1,320,000
Louisville Gas & Electric Co.	10,100	527,783	545,400
Louisville & Nashville R. R. Co.	8,100	610,892	685,463
Middle South Utilities, Inc.	43,000	905,063	1,354,500
Minneapolis-Honeywell Regulator Co.	10,000	233,999	568,750
Monsanto Chemical Co.	37,800	876,647	1,771,875
Montana Power Co.	14,200	418,042	585,750
National Cash Register Co.	18,000	496,844	661,500
National Dairy Products Corp.	21,000	616,490	821,625
National Lead Co.	21,000	114,799	1,774,500
Newmont Mining Corp.	7,300	404,988	642,400
Niagara Mohawk Power Corp.	37,000	1,044,868	1,202,500

SCHEDULE B—STATEMENT OF SECURITIES

Common Stocks	*Shares*	*Book Amount*	*Approximate Market Quotations*
Northern Illinois Gas Co.	7,410	$91,403	$151,905
Northern Natural Gas Co.	10,400	362,513	438,100
Pacific Gas & Electric Co.	25,000	928,784	1,243,750
Panhandle Eastern Pipe Line Co.	14,350	350,607	1,058,313
Penney Co., Inc., J. C.	6,800	190,713	676,600
Phelps Dodge Corp.	42,200	1,006,913	2,299,900
Pittsburgh Plate Glass Co.	16,500	497,640	1,419,000
Procter & Gamble Co.	8,000	365,301	798,000
Puget Sound Power & Light Co.	12,000	444,479	459,000
Pure Oil Co.	12,000	366,476	432,000
Scott Paper Co.	6,000	155,004	414,000
Seaboard Oil Co.	7,800	226,038	403,650
Sears, Roebuck & Co.	19,500	400,398	2,106,000
Shamrock Oil & Gas Corp.	19,800	347,284	757,350
Shell Oil Co.	18,000	650,413	1,084,500
Sherwin-Williams Co.	8,800	375,515	924,000
Sinclair Oil Corp.	8,000	324,254	441,000
Socony Mobil Oil Co., Inc.	35,000	1,168,564	2,003,750
Southern California Edison Co.	27,500	1,130,451	1,378,438
Southern Ry. Co.	12,000	493,781	1,122,000
Sperry Rand Corp.	88,725	653,407	2,073,947
Standard Oil Co. of California	10,185	367,876	893,734
Standard Oil Co. (Indiana)	14,800	264,308	728,900
Standard Oil Co. (N. J.)	25,403	618,075	3,391,301
Texas Co.	16,000	300,094	1,760,000
Texas Utilities Co.	10,000	759,029	727,500
Thompson Products, Inc.	18,700	338,821	871,888
Union Carbide & Carbon Corp.	15,000	321,052	1,560,000
Union Electric Co. of Missouri	43,000	334,228	1,220,125
Union Pacific R. R. Co.	11,000	760,905	1,826,000
United Aircraft Corp.	15,000	443,766	817,500
United Gas Corp.	33,000	558,272	1,014,750
United Gas Improvement Co.	11,000	205,668	398,750
U. S. Plywood Corp.	12,980	344,048	519,200
U. S. Steel Corp.	67,000	1,654,053	3,869,250
Westinghouse Electric Corp.	27,000	636,989	1,623,375
Weyerhaeuser Timber Co.	5,000	154,394	725,000
Wisconsin Electric Power Co.	21,000	375,514	706,125
Totals	1,938,327	$55,021,477	$122,920,025

Rights	*Rights*	*Approximate Market Quotations*
American Telephone & Telegraph Co. (to subscribe for bonds)	18,800	$69,325
Totals, Common Stocks		$122,989,350

CARNEGIE CORPORATION OF NEW YORK

SCHEDULE C

Administration Expenses

For the Year Ended September 30, 1955

Salaries	$290,067	
Insurance and Retirement Benefits	31,509	
Pensions	21,909	
Custody of Securities and Safe Rent	23,663	
Auditing	2,800	
Investment Service	27,000	
Legal Services	11,802	
Public Relations Service	3,605	
Rent	66,537	
Offices—Maintenance, etc.	8,825	
Office Supplies	9,281	
Telephone, Telegraph and Postage	10,200	
Printing and Distribution		
(a) Annual and Quarterly Reports	22,812	
(b) Other Publications	5,032	
Review of Proposals and Grants	11,664	
Travel	24,457	
Miscellaneous	33,504	
		$604,667
Office Moving Expenses (X2575, X2581)		78,483
Total		$683,150
Less		
Charges to British Dominions and Colonies		45,000
Total		$638,150

PRICE WATERHOUSE & CO.

56 Pine Street
New York, November 9, 1955

To the Board of Trustees,
Carnegie Corporation of New York

We have made an examination of the balance sheet of the Carnegie Corporation of New York as at September 30, 1955 and the related statements of income, expenses and appropriations for the year then ended and other supporting schedules included in the Treasurer's report. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances. These procedures included the confirmation of cash and securities by certificates from the depositaries and the custodian or by inspection during the course of our examination.

The attached financial statements have been prepared on the accrual basis except that dividend and interest income on securities and administration expenses, including expenditures for furniture and equipment, are reported on the cash basis of accounting. However, if the latter items were stated on the accrual basis of accounting, the effect on net income of the corporation would not be material.

In our opinion, the accompanying financial statements and schedules and notes thereto present fairly, on the basis indicated above which is consistent with that of the preceding year, the position of the Carnegie Corporation of New York at September 30, 1955, and its income, expenses and appropriations for the year then ended.

PRICE WATERHOUSE & CO.

THE CARNEGIE PHILANTHROPIES

In 1889, Andrew Carnegie declared in the *North American Review* that a man of wealth was duty bound to consider his surplus wealth as trust funds; further, he had a responsibility to administer those funds so that they produced the most beneficial results for the community.

Mr. Carnegie worked energetically for almost thirty years at putting this gospel of wealth into practice. He set out to give away $300,000,000. He gave away $311,000,000.

Gifts to 2507 communities in this country and the British Empire helped to make his idea of the free public library as the people's university a reality. His endowment of the Carnegie Institute in Pittsburgh brought important educational and cultural benefits to the community in which he had made his fortune. From experience he knew the importance of science applied to commerce and industry and he provided for technical training through the Carnegie Institute of Technology. By establishing the Carnegie Institution of Washington he helped to stimulate the growth of knowledge through providing facilities for basic research in science.

He set up a trust for the universities of Scotland to assist needy students and to promote research in science, medicine and the humanities. For the betterment of social conditions in his native town of Dunfermline, Scotland, he set up the Carnegie Dunfermline Trust. To improve the well-being of the people of Great Britain and Ireland, he established the Carnegie United Kingdom Trust.

In the United States, he created the Carnegie Foundation for the Advancement of Teaching, primarily as a pension fund for college teachers, to lessen some of the economic hazards of this profession. He regarded war as a blot on civilization. To work for its abolition, he established the Carnegie Endowment for International Peace. And to

recognize heroism in the peaceful walks of life as being as worthy as valor in battle, he created funds in the United States and nine European countries to make awards for acts of heroism. In contributing to the construction of the Peace Palace at The Hague, the Pan American Union building in Washington, and the Central American Court of Justice in Costa Rica, he further expressed his belief in arbitration and conciliation as substitutes for war.

In 1911, having worked steadily at his task of giving away one of the world's great fortunes, he created Carnegie Corporation of New York, a separate foundation as large as all his other trusts combined, to carry on his spirit and system of giving. The terms of this trust are broad: to promote the advancement and diffusion of knowledge and understanding among the people of the United States and the areas then known as the British Dominions and Colonies. The Corporation was the culmination of his program of giving. He died in 1919, having made a memorable demonstration of responsible stewardship of wealth.

Each of the Carnegie agencies has its own funds and trustees. Each is independently managed, with the exception of the Carnegie Foundation for the Advancement of Teaching, which shares Carnegie Corporation's offices and has some of the same officers.